



CPCU

PHILADELPHIA CHAPTER
THE SOCIETY OF CHARTERED PROPERTY
& CASUALTY UNDERWRITERS

CHAPTERGRAM

VOLUME 20, NUMBER 1

Peter F. Palestina, CPCU—Editor

SEPTEMBER, 1986

If Going to the Annual Meeting in Atlanta, Attend Chapter's Special Reception on Sept. 29th.

Chapter members, new designees and their spouses and guests are invited to attend a reception in Atlanta on Sunday evening, September 29th from 8:00PM to 9:30PM in the Lisbon Room of the Hilton Hotel. Wine, beer and snacks will be served. The reception will be jointly sponsored with the Greater Valley Forge Chapter and the Brandywine Valley Subchapter. Come socialize and meet your fellow chapter members as well as welcoming our new designees.



Board members and spouses on board Spirit of Philadelphia at the June 13 social.



Past President Vince Phillips and wife Sandy exchange pleasantries at the June 13 social with Ann Sechler.



Friday the 13th doesn't bother these members on board ship at the June social.



George Komelasky and Frank Devinney, two guests at the June social appear to be getting seasick or listening to a Vince Phillips speech. Take your pick.

Did Friday the 13th Scare Off Members at the June Social?

Perhaps it was too early on a Friday night or maybe a fear of getting seasick, or was it because the date was Friday the 13th that attendance was held down at the June 13th social. This year the Annual Chapter Outing was aboard the "Spirit of Philadelphia" ship where members and their partners sailed, dined, drank and were entertained during an evening of fun up and down the Delaware. Although the attendance this year was sparse, most said it was an enjoyable event and the proof is shown on the various photos displayed in the *Chaptergram*.

After the cruise, many of the members went clubbing in Center City...sort of made many of us feel young again.

Last year's dinner dance at the Eagle Lodge was also sparsely attended, so perhaps we are going to have to find that one type of event that will turn out a nice crowd. What's your pleasure for this year's social? What will make you attend or why do you stay away? Send your cards or letters to this year's Program Chairman, John Kelly, c/o B.G. Balmer Agency, P.O. Box 1010, Paoli, PA 19301. We need your input.

Congratulations to Our Sister Chapter on a Successful I-Day

Hats off to the Greater Valley Forge Chapter on a most successful I-Day held on May 16, 1986 at the Valley Forge Hilton in King of Prussia. Their theme was "Commitment to Responsibility" and a capacity crowd was on hand. The program began at 9:00AM with a welcome address given by the Chairman of the Upper Merion Township Board of Supervisors followed by Pat Williams, former General Manager of the Philadelphia '76ers. At 10:15 there was a panel discussion moderated by Joe Decaminada, CPCU, Past President of the Society on the Insurance Crisis. Panelists were Lindley Cowperthwait, Jr., Esq.; Fred L. Fox; William A. Graham, IV, CPCU; Henry G. Hager; and Bob Lindahl. After cocktails, a luncheon was given and the Keynote Speaker was David Woodward, President and CEO of the Reliance Insurance Co.

Considering GVF is only in its third year as a full chapter, their I-Day was comparable, if not better than, that of most larger chapters which have been around for years. I-Day Chairman and New Chapter President Craig Hall is to be commended. Philly Chapter is proud of our sister.

The President's Corner



Pamela H. Godwin
President

Welcome to a New CPCU Year!

I consider it an honor to have been asked to serve as your president this year, and I thank each of you for this privilege. I look forward to a year of hard work, shared learning, growth, and fun!

New beginnings often cause one to do some "deeper than usual" thinking.

I sat with one of my child's teachers recently discussing the goals which she had developed for his third grade school year. Included among his objectives were to improve his ability to **take risks** and to increase his ability to analyze and synthesize information to form **new creative ideas**. What wonderful goals for an eight-year-old! And not so bad for a 38-year-old either!

We are an industry of risk takers. And yet how many of us are willing to take the significant risks which are necessary to move our business forward or to consistently move forward in our personal and professional growth? Hats off to those of you who continually move that "high jump bar" an inch higher and who persevere until you clear it! As for me, I think I'll join my son this year with a few tough challenges of my own for myself, for my business, and for this CPCU chapter.

Enough philosophizing you say! What specifically are our chapter objectives this year, and how do we intend to achieve them?

As you know, from its origination the Society has stressed four main objectives: continuing education, research leadership, social responsibility, and the promotion of professionalism in insurance. Activities are planned for this year to meet each of those objectives.

John Kelly, our programs chairperson and research director, has planned interesting and useful programs for the coming year to support each of us in our ongoing efforts to maintain an up-to-date awareness of industry issues. In addition, Larry Klein is busy organizing an all-day seminar to be sponsored by our chapter this year (the topic will be announced in a later *Chaptergram*). Remember that breakfast meetings and chapter-sponsored seminars are an excellent way to pick up points toward the Continuing Professional Development certification! We look forward, also, to the annual seminars in Atlanta in October and Philly I-Day which will be held in December this year.

In fulfillment of our social responsibility objective, we are planning the third annual fire essay contest for elementary school children and we expect to joint-sponsor a "Project Graduation" program in the spring with local MADD (Mothers Against Drunk Driving) chapters with the goal of creating more awareness among high school students regarding the dangers of drinking and driving.

Through these, and through other shared activities and conversations, we will have abundant opportunities to enhance our professionalism during the coming year.

I extend to each of you an open invitation to contact me or any one of the Board members with your comments, ideas, constructive criticism, or offers to help at the addresses listed below.

And finally, may I suggest that you treat a friend or colleague to breakfast once this year by bringing him or her to one of our meetings.

I'll look forward to seeing you there, and in Atlanta, too!

Regards,

Pam



Incoming President Pam Godwin presents outgoing President Vince Phillips' plaque in recognition of his contribution as president during the June 3rd business meeting.

Uh-Oh... My Turn!

What do they want with their food?



John J. Kelly, CPCU, CLU

BY: JOHN J. KELLY, CPCU, CLU
2nd Vice President
& Program Chairman

During the years I've been involved in the Chapter, I've admired the "meetings chairperson" for his or her ability to manage the process of arranging for food and thought at the monthly meetings. Knowing that I would someday inherit this rather large responsibility, I have suggested on more than one occasion that a committee might better handle the task. Well, guess what...the committee for '86-'87 is me!

I guess the first task is to figure out why members and guests come to the monthly meetings—is it because they're tired of eating the same old breakfast at home or is it the opportunity to share with their compatriots tales of victory and defeat? Perhaps the audience actually expects to learn something new? Maybe it's a combination of all of these?

As usual these days, I'm asking these relevant questions a little late—by the time I got the opinion of a statistically meaningful number of people, my term would probably be over! Looks like I'll have to make some assumptions.

Assumption #1: The Hershey Hotel is convenient to a large number of potential attendees, is very comfortable (I noticed a few people sleeping during the meetings last year!), and serves a decent meal (have you ever tried to feed 100 people?). Let's stay at the Hershey.

Assumption #2: If possible, it is preferable to have a panel of speakers offering a diversity of comment and opinion. So...even if it's a little tougher to organize and control, let's try to do a few panel discussions and "Point-Counterpoint" sessions (actually, I'd love to see a meeting where each attendee has the opportunity and desire to offer his or her opinions).

Assumption #3: The membership should have the right to tell us what they want to hear at the meetings—after all, it's your time and money! Hopefully you have already completed and returned the survey mailed to you last month. If you haven't, why not take the opportunity to do so by completing the extra enclosed survey form and returning it to me (please don't get discouraged and "can" it if you don't want to answer all the items—anything you have to say will be appreciated).

We have some ideas and we're planning the dates; we'll let you know of them in a separate memo. The thing to keep in mind is this: the Chapter exists to serve its members, and we can do that only if you tell us what you want. **Let's hear from you!**



Beloved Chapter Member, Homer White, CPCU, Deceased June 19, 1986

It is with deep regret that we report on the passing away of Chapter member, Homer O. White. Homer was a Past President of the Philadelphia Chapter and although retired from INA where he was an underwriter for the International Department, continued to be very active in both Chapter and National CPCU affairs. Homer was a regular attendee at both the Philadelphia and Greater Valley Forge Chapter meetings and gave much of his free time to civic affairs for 40 years.

Homer touched all who knew him and will be sorely missed. He was a one-of-a-kind individual who was always willing to give of himself.

Welcome 3 New Board Members

A profile of our latest additions to our Board of Directors



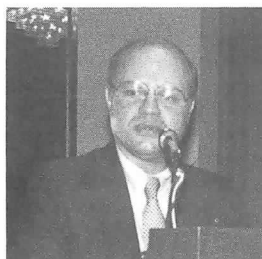
Bruce L. Kelly
Director - 2 Years

Bruce is employed at the Tom Kelly Agency, Inc. in Swarthmore, PA, where he also resides. He received his CPCU designation in 1982, and has also earned the ARM designation. Bruce's hobbies include reading, sports, and writing. His goal as a Chapter director is to enhance the professional reputation of the designation, especially through an emphasis on continuing education and research and development. Bruce can be reached at 543-5525.



Theresa Macko
Director - 2 Years

Terry has received a B.A. from LaSalle University, and earned her CPCU designation in 1982. She is a resident of Philadelphia, and is employed by Crum and Forster. Among her interests are golf, tennis and teaching. As a director, Terry would like to obtain the commitment of Chapter members to become more active in Chapter activities and to help raise the level of professionalism in our business through education and better communication. Terry's phone number is 574-1847.

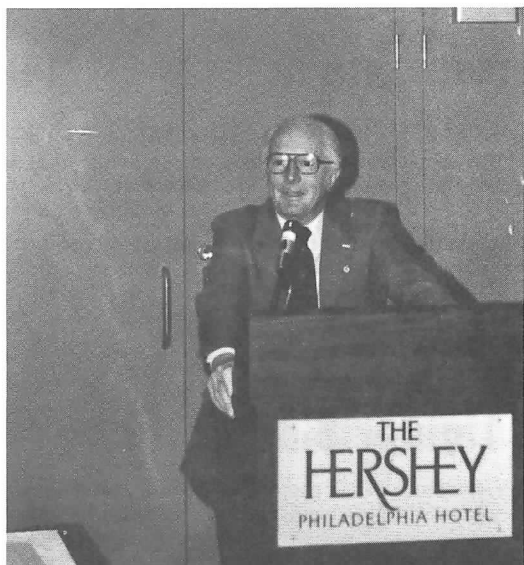


Ronald Vogrin
Director - 1 Year

A 1974 recipient of the CPCU designation, Ron is employed by the Fireman's Fund Insurance Companies and resides in Newton Square, PA. He enjoys playing golf and tennis. As a director, Ron will strive to make the Chapter interesting and stimulating for all members. You can reach Ron at 928-4590.

Year End 6/30/86 Chapter Financial Report

	BUDGET	ACTUAL
INCOME		
Dues.....	\$ 7,000	\$ 8,714
Meetings:		
Breakfast.....	3,300	6,792
CPCU/RIMS.....	1,100	585
CPCU/CLU.....	660	795
CPCU/CPA.....	700	154
Seminar.....	300	—
Spring Social.....	1,500	1,050
Franklin Award.....	3,200	1,860
I-Day.....	1,600	1,577
Interest.....	900	853
Directory.....	2,000	175
Subchapter.....	—	1,839
Telethon.....	—	1,394
	<u>\$22,260</u>	<u>\$25,788</u>
DISBURSEMENTS		
Meetings:		
Breakfast.....	\$ 3,000	\$ 6,518
CPCU/RIMS.....	1,100	586
CPCU/CLU.....	660	716
CPCU/CPA.....	700	130
Spring Social.....	1,500	1,275
Franklin Award.....	3,400	2,420
I-Day.....	800	244
Directory.....	2,000	—
Postage and Printing.....	3,000	4,016
Chaptergram.....	3,600	3,938
Insurance Society of Phila.	450	550
Regional Officers Conference...	800	230
Public Relations.....	2,000	1,004
Loman Foundation.....	500	500
Annual Meeting.....	1,400	597
Subchapter.....	—	1,792
Miscellaneous.....	500	80
	<u>\$25,410</u>	<u>\$24,596</u>
Excess (Deficit).....	<u>\$ (3,150)</u>	<u>\$ 1,192</u>
Cash in Bank.....	\$12,410.17	



James Hamilton, CPCU, addresses members at the June 3rd Business Meeting where he administered the oath of office to the new Board of Directors.



New Board stands for recognition at the June 3rd Business Meeting after being sworn into office by James Hamilton.



Speaker Joseph Grandinetti, Jr., Esq. appears to yield a point during the Joint CPA/CPCU meeting of May 13th.



Some of the audience at the CPA/CPCU meeting of May 13th.



CPCU's Bob Forchetti, Mike McCarthy, Art Hanebury and Gloria Forbes discuss observations at the May 13 Joint CPA/CPCU meeting.

G. Victor Hallman Leaves Institutes



Dr. V. Victor Hallman, J.D.,
CPCU, CLU

A fond farewell to Dr. G. Victor Hallman, J.D., CPCU, CLU, who has returned to full-time university teaching after 16 years of outstanding service to the Institutes. Vic and Melitta, his wife, will be taking up residence in Washington, DC and Vic has joined the faculty of Howard University as a full Professor of Finance.

From the Boardroom

- Pam Godwin stressed the need for all board members to become involved and assist in public relations. She requested that we send in clippings from company newsletters, local newspapers and any other source of articles concerning CPCUs who are members of the Philadelphia Chapter. She wants everyone to participate in the public relations program and not leave it to the public relations committee.
- Pete Palestina offered to have a program prepared by the Chapter, aired on the local cable network in his area, Bucks County. He informed us that he could arrange for production and studio facilities for the broadcast, and that it could be aired as a public service program. Bruce Kelly will obtain additional information and follow up on this. The WHYY telethon schedule is complete for the summer, and the Chapter will not be manning the telephones in their summer telethon. There is a possibility that the chapter will provide manpower for a telethon in December. Al Federico will report on this at the next meeting.

Pete Palestina suggested that we might consider another type of charity fund raiser, such as a bowl-a-thon for muscular dystrophy.

- John Kelly reported that the programs will be held on Tuesday, Wednesday and Thursday this coming year. The meeting dates have not been firmly established, and John will provide the dates as the plans are made. He indicated that he wants to have as many panel discussions as possible, and to utilize members of the Chapter as speakers where possible.
- **Directory**
It was announced that Vince Phillips will take over the responsibility of completing the Chapter directory.
- **New Chapter**
It was announced that the Brandywine subchapter is petitioning for Chapter status at the annual meeting in Atlanta. It is expected that Chapter status will be granted to the subchapter.

- **Candidate Development**

Art Hanebury passed out a committee report to the Board which outlined the goals of the committee for this coming year. This report included plans for ten personal contact campaign meetings, five with companies and five with agencies during the year. He said that they would try to meet with departments in home offices of insurance companies, rather than concentrating on branch offices.

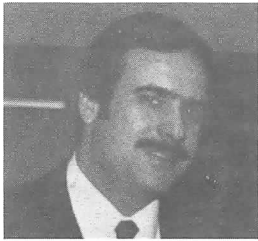
The committee will continue the personal sponsorship campaign, and will follow up with individuals in the program who do not choose a sponsor. They will try to contact partial completers of the CPCU program who are not currently active in the program.

Announcements

- **Welcome back Phil Eichler.** Phil was a former Chapter member until he left for Tennessee several years ago to take a branch management position with Reliance. Phil is now back in Philadelphia with Fireman's Fund and is residing in Northampton Township, Bucks County.
- **Congratulations to Stephen R. Smith** who was elected President and CEO of the Harleysville Mutual.

On the Lighter Side

This notice appeared in the shop window of a coat merchant in Nottingham, England: "We have been established for over 100 years and have been pleasing and displeasing customers ever since. We have made money and lost money, suffered the effects of coal nationalization, coal rationing, government control and bad payers. We have been cussed and discussed, messed about, lied to, held up, robbed and swindled. The only reason we stay in business is to see what happens next."



Peter Palestina
Editor

From the Editor

When insurance cost pennies...

Two cents won't buy much today, but in 1864 it bought eight blocks of accident coverage.

The first premium paid to The Travelers Insurance Co. of Hartford, CT, was two cents.

The tiny premium was paid on March 24, 1864, by a banker who didn't see much use or future in accident insurance.

According to Archibald A. Welch's 1935 *A History of Insurance in Connecticut*, businessman James Goodwin Batterson was trying to interest his friends in the English idea of accident insurance when the first premium was paid.

Welch writes: "At the end of a friendly but heated debate between Batterson and some of his friends whom he had waylaid as they were starting home for their midday dinner, James Bolter, president of the Hartford Bank, asked 'What will you charge me to insure me for \$5,000 against accidental death on my way home to dinner and return?'"

"Two cents, snapped back the answer, and the two cents passed from Bolter to Batterson.

"Bolter returned to his bank after the noonday meal and Batterson retired his two cents. The trip was four blocks each way.

While a four-block walk through sleepy 19th century Hartford may seem anything but dangerous today, contemporary insurance advertisements depicted the perils of derailing locomotives, runaway wagons, sinking ships, orange peels, circular saws and falling parts of buildings. Sometimes all these things and more were mentioned in advertisements.

In Reconstruction America, accident insurance caught on with a vengeance. Companies trumpeted payoffs in paid advertisements after every calamity and sold policies at railroad stations.

Policyholder Edwin S. Tyler, a Hartford coal dealer, paid \$2 for a \$5,000 policy covering an 1864 trip to Washington, DC.

Not all was profit for the fledgling company. It took a mountain of premiums to pay off a claim. Claims came from the settled East and the frontier, though some policies wouldn't pay off on accidents that happened west of the Rocky Mountains.

It's a little-known fact that Gen. George Armstrong Custer did not have a piece of the rock when Sioux warriors decimated the 7th Cavalry. Custer did have a Travelers' policy though, and it was promptly paid off to his widow in 1876."

Well, I hope you enjoyed the above story. If any of you have any stories you would like to share with our members or if you have anything you would like printed, just mail it to me c/o The Walsh Company, 1700 Race St., Philadelphia, PA 19103.

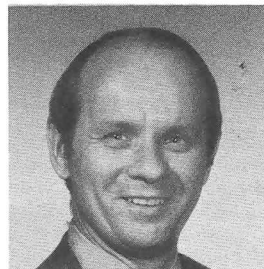
Remember, this is your newsletter and way of communicating with our membership. Why not give it a try? I'm looking forward to the new year. The next issue will be in December. Until then, enjoy the *Chaptergram*.

Update on "Philly I-Day" 1986

BY JOSEPH FOLZ, CO-CHAIRMAN

Although the calendar says it is July, and we should all be on vacation enjoying these fine summer months, The "Philly I-Day" Committee continues to meet through the hot, sweltering Philadelphia summer months planning for an even bigger and better "I-Day" in an exactly opposite season, the cold, winter month of December, December 17th, to be exact, at the Franklin Plaza.

The title for the overall presentation has been selected, and it is "Professionalism in a Dynamic Marketplace." In keeping with this theme, we have secured our speakers for the general session in the morning, Henry Greenberg of AIG, and Risk Management's "Risk Manager of the Year," Donald Nelson, of our own ARA Services of Philadelphia.



Joseph F. Folz

As far as the afternoon sessions are concerned, the following is a list of some "working" topics, subject to change:

1. Tax and benefits changes.
2. Personal Lines—An exploration of Personal Liability on a country-wide basis.
3. Business Interruption seminar aimed primarily at loss settlement techniques.
4. A seminar on listening skills.
5. Tort Reform/Arbitration.
6. An Ethics Seminar.
7. Self-Insured Retention Levels/Risk Bearing Capacity.
8. Claims Made underlying coverages as they relate to the Umbrella layer of insurance.
9. A general workshop on an advanced level regarding General Liability insurance as it relates to one specific kind of risk yet to be determined, with participation from underwriters, risk managers, and brokers.

Again, a lot of this is in the early development stages, and topics and speakers have not been firmed up yet; however, as you can see, *already* "Philly I-Day" 1986 is taking shape. When you add to this the festive time of the year during which we will be having our presentation, and also the fact that CPCU Designations will be awarded at the same time, it should all make for an excellent means of putting our general work behind us, and preparing for the holidays which will soon be approaching at that time.

Upcoming Events and Program Dates

MARK YOUR CALENDARS!

The following are *tentative* dates for Chapter meetings or events. All meetings are expected to take place at the Hershey Hotel in Philadelphia and be of the breakfast type. Please check your monthly flyer/reservation announcement for exact date, time, place, etc. John Kelly, CPCU, is the Program Chairman for the new Chapter year, July '86-'87.

September 16, 1986

October 15, 1986

November 13, 1986

December 17, 1986 - "I-Day"

Franklin Plaza Hotel

January 13, 1987

February 11, 1987

March 19, 1987

April 14, 1987

May 13, 1987

June 11, 1987



Outgoing President Phillips addresses fellow CPCUs at the June 3rd business meeting.

THE ON-GOING SAGA OF "SEEPY SEEYOU"



Well, unless you come up with a certificate of insurance and a hold harmless agreement, I'm not tackling anyone!!

May 7th Meeting Recap

CLAIMS—'The Nether World'

ARTICLE CONTRIBUTED BY: THE P.R. COMMITTEE

The topic of discussion at the May 7 breakfast meeting of the Philadelphia Chapter of the Society of CPCU was "Claims—The Netherworld." Taking a look at problems in Property and Casualty loss adjusting were Robert Steere, CPCU, ALM, Claims Supervisor, Firemen's Fund and James Hagan, Senior Partner, William E. Miller and Son.

While many of us have experienced some frustration in trying to adjust casualty claims, Bob Steere provided us with insight to the many potential problem areas that an adjuster faces when trying to settle Liability claims.

One of the key problems continues to be that of questionable coverage. Court interpretations of many forms broaden coverage to include claims that were never meant to be included. In so many cases, the courts will hold that a few more words would have further clarified the coverage question. Since almost all cases involving ambiguity are found for the Insured, coverage is being provided in areas for which no premium is charged.

The cost of defense, as always, looms large in any casualty claims department. Many dollars are spent defending frivolous suits. Because of the dollar amounts involved in fighting these frivolous suits, they are sometimes paid because they can be settled for less than defense costs.

Many states also have pre-judgment interest rules which are designed to promote good faith settlement practices among insurance companies. Under a typical "pre-judgment interest system," an insurance company will be required to pay interest on a jury award from a stipulated time after the suit was filed, and until the award was made. A carrier would be required to pay this interest if their settlement offer was not at least 80% of the award amount. In Pennsylvania, the interest rate is 10% per year which starts one year after the suit was filed.

Bob Steere also addressed the "penny-wise, pound foolish" philosophy of running a claims department. In the past, it was fashionable to maintain small claims staff at low salary, believing that this controlled expenses. Some carriers today are finding that because of the huge workload an adjuster faces, claims are settled where there might not be any negligence. In addition, many claims are paid for amounts larger than they should be, because it gives the adjuster the opportunity to close the file. By increasing staff and increasing salaries to maintain higher caliber personnel, companies hope to "leak" less in claims payments because files can be properly investigated and settled.

James Hagan discussed many of the problems facing property loss adjustment. As an independent adjuster for the insurance company, Mr. Hagan felt that speed of contact with the Insured greatly assisted claims adjustment efforts. By early discussion with the Insured, the adjuster will often win the cooperation of the Insured. It is important that the adjuster "listen, learn, understand, and develop the facts." The independent adjuster's job is to minimize the loss for all concerned. To do this, it is necessary to move quickly.

Questions of coverage again present themselves as one of the largest problem areas in property loss adjusting. Many manuscript forms have been written which provide broad coverages, sometimes broader than the underwriter anticipated. When there is a question of whether coverage applies, it is important for a loss adjuster to obtain a non-waiver agreement or send a reservation of rights letter. In this way, the insurance company can proceed with its investigation without giving up its right to later deny coverage.

A property loss adjuster has to determine early his need for legal or accounting experts, and also whether they will be in a position to take advantage of any salvage or subrogation proceedings. Many times, there is a negligent third party from which the property insurance carrier can recover after payment of a loss. A little extra investigation will often times produce an avenue of subrogation for an insurer.

Business interruption claims are never easy to adjust. It is important to establish a background and history of the company, review orders that might be in hand, and analyze the current business trends in order to evaluate business interruption losses. It is often necessary to call in an accountant to assist in the negotiation and adjustment of a business interruption claim.

In summary, Mr. Hagan noted that after making the written report to the company, it is imperative to review the file to see if anything can be learned from the particular claims situation. His experience has shown that the learning process never ends.

1986 Philadelphia Area New Completers

Congratulations are in order to the following 44 people who have completed their CPCU courses during 1986. We hope they become active Chapter members.

JUNE COMPLETERS

Dorothy A. Allen	Nancee Ann James
Richard S. Auchincloss, Jr.	Joseph M. Junfola
Alan Belfus	Thomas P. Kelly
Marie Bower	Thomas F. Kennedy
Vincent R. Burke	Anne Marie LaSalle
Margaret J. Carbine	John S. Lampe
George Philip Cipressi	Arthur S. Lewis, Sr.
Anne Marie Crawford	Paul Thomas Marino
Michael H. Dion	Timothy H. Matthews
Elizabeth Turner Emmert	Todd R. Murvine
Charles F. Finn	Richard A. Parsons
John P. Finn	W. Travers Rinehardt
T. Kevin Flannery	David D. Sagaser
Daniel F. Flynn	Peggy Ann Schramke
Ruth E. Galbraith	Guenther W. Schroeder
Anne V. Golden-McMahon	Anthony J. Sgobbo
Edward A. Grant	David S. Walls
Edward J. Haines	Carol A. Weaver
Marcia E. Harrington	Sanford L. Wilk

JANUARY COMPLETERS

William P. Curtis, Jr.	Joseph W. McCrea
Seth D. Freudberg	Samuel B. Priddey
John J. Jud	Lee Topps



James Hagan of William E. Miller & Son and Bob Steere, CPCU, Fireman's Fund address Chapter members on claims problems at the May 7th meeting.