



CPCU

PHILADELPHIA CHAPTER
THE SOCIETY OF CHARTERED PROPERTY
& CASUALTY UNDERWRITERS

CHAPTERGRAM

VOLUME 21, NUMBER 2

Peter F. Palestina, CPCU—Editor

DECEMBER, 1987



Peter C. Raymond, CPCU

A Recap Report on PHILLY "I-DAY"— We the People Sharing the Risk

BY: Peter C. Raymond, CPCU

Almost 1,000 people gathered at the Franklin Plaza Hotel on October 29 to attend the annual Philly I-Day.

They heard keynote speakers: Ronald Compton, Sr. Vice President, Aetna Life & Casualty; Edith Lichotta, Risk Manager of the Year 1987 and Sr. Vice President, Irving Trust Co. and John F. O'Sullivan, Managing Director, Marsh & McLennan, Inc. Each Speaker took twenty minutes to address the theme in the General Session—"Establishing Stability in the Marketplace."

Each then had an opportunity to expand upon the ideas presented in the general session during an individual seminar.

"THE ROLE OF PROFESSIONALISM IN A RESPONSIVE INSURANCE SYSTEM" was the topic of Mr. Compton.

This seminar focused on a discussion of why a responsive property/casualty insurance system is required, what responsive means; and the role of professionalism in maintaining a responsive system.

Edith Lichotta chose "CAPTIVE ALTERNATIVES: USER RESPONSIBILITY ISSUES" as the vehicle to expand upon the theme of the general session. She zeroed in on the pros and cons of the captive alternative; practical problems of selling, implementing and managing; living with new partners; putting one's self in the shoes of the underwriter; understanding and supporting the market.

Mr. O'Sullivan addressed the "FUTURE OF THE LIABILITY INSURANCE MARKET." He used a series of provocative questions such as: "Will we continue to experience cycles as severe as the one that just passed? Have the commercial companies lost significant market share to alternative facilities? Are we entering another period of unrestrained competition?" to bring problems into the open.

After lunch, during which 40 new designees were presented with CPCU diplomas, the second session of seminars began. Topics discussed were:

"RISK RETENTION ACT: A THIRD ALTERNATIVE." Dan McCutcheon, Vice President, Alexander & Alexander, and Robert F. Campbell, Director of Corporate Insurance, UGI Corp., provided a review of one of the newer vehicles being used to achieve premium stability.

Sean F. Mooney, Ph.D., Sr. Vice President and Economist, Insurance Information Institute, spoke on the complications of tort reform on the insurance industry over the long term. His title "From Here to Eternity—the Outlook on Tort Reform" pretty well covered the content.

"AGGRESSIVE PERSONAL LINES MARKETING—IS IT WORTHWHILE?"—Paul Smolinsky, Assistant Vice President, Harleysville Insurance Companies, addressed the advantages of personal lines marketing in a soft market climate. He discussed methods for and costs of efficient personal lines marketing.

John E. Marrinan, Sr. Vice President, Marsh & McLennan, Chris Campos, Principal Partner, Campos and Strati, Edwin Whitmore, Sr., Vice President, IRI. Moderator: Norman Baglini, President, Insurance Institutes of America and The American Institute of Property Casualty Underwriters combined their considerable talents to put on a very informative "Business Interruption Claims Workshop."

Participants were given a property claim scenario which included business interruption and were instructed to develop the claim for the insured and the claim for the insurer.

"INSURER PROFITABILITY"—was discussed by a panel composed of Bruce Berthelsen, Sr. Vice President, Fireman's Fund Insurance Companies, Albert J. Beer, Principal, Tillinghast, Nelson and Warren, Inc., and Edward Murphy, Sr. Regional Representative, ISO, Inc.

"SAVING YOUR DIRECTORS AND OFFICERS FROM FINAN-

CIAL CATASTROPHE" was presented by Gregory M. Harvey, Esq., Partner, Morgan, Lewis and Backus. Participants in this seminar analyzed a case study which highlighted the Pennsylvania and Delaware standards, gaps in insurance coverage and effective management of the potentially cataclysmic claim.

Those in attendance were treated to thought-provoking ideas well presented. Once again, Philly I-Day fulfilled its educational purpose.

Volunteers to help in 1988 are welcome. Just call Peter C. Raymond, CPCU at 215-854-7350.

Franklin Award Undergoes Change in Structure

BY: Ray Lindsey, CPCU, CPA, 1st Vice President

The Chapter has reorganized the process for obtaining nominees and selecting recipients for the Franklin Award. Two standing committees have been appointed to coordinate this process. They are:

Search Committee—which is identifying insurance and insurance-related organizations in the Delaware Valley and developing liaison with these organizations to publicize the Franklin Award, identify potential recipients, and obtain nominations.

Selection Committee—which selects the recipient from the nominations received.

This does *not* mean that all nominations have to come through the Search Committee. The changes were made to develop an ongoing, year-round effort to obtain nominations and provide broader coverage on the insurance community in our search for candidates. If you know someone that is a qualified candidate for the award, please contact any Chapter officer, director, or member of the Search Committee for a nomination form.

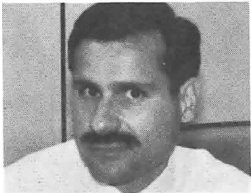
The 1988 Franklin Award luncheon is tentatively scheduled for March 10, 1988.

The selection committee is comprised of a blue ribbon panel of five past Philadelphia chapter presidents, as follows:

Philip N. Spinelli, CPCU, Chairman	Peter F. Palestina, CPCU
Donald W. Cook, CPCU	Vincent D. Phillips, CPCU
Pamela H. Godwin, CPCU	

The search committee is comprised of the following:

Boyd Bruce, CPCU, Chairman 1700 Manor Road Havertown, PA 19083 (215) 446-9586	John Kirkbride, CPCU Paul Hertel & Co. NE Corner 3rd & Chestnut Sts. Philadelphia, PA 19106 (215) 556-4432
Iles W. Wauhop, CPCU PMA Group 925 Chestnut St. Philadelphia, PA 19107 (215) 629-5170	Donald F. Hunter, CPCU Ins. Placement Fac. DE & PA 325 Chestnut Street Philadelphia, PA 19106 (215) 629-8820
J. J. Battisti, CPCU Philadelphia Regional Manager Pennsylvania Insurance Dept. 1400 W. Spring Garden Street Philadelphia, PA 19130 (215) 560-2635	Constance M. O'Connor, CPCU Johnson & Higgins 1600 Market Street Philadelphia, PA 19103 (215) 636-3760
Walter G. Butterworth, CPCU INA Reinsurance Co. One Franklin Plaza Philadelphia, PA 19102 (215) 523-4190	John Topoleski, CPCU Eastern Risk Specialist 2005 Market Street Philadelphia, PA 19102 (215) 981-7303
Raymond D. Lewis, Jr., CPCU Keystone Insurance Co. 2040 Market Street Philadelphia, PA 19103 (215) 864-5041	

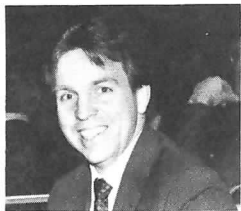


Al Federico, Jr.
President

The President's Corner

I would like to begin by wishing everyone in the Chapter a happy, joyous holiday season. Usually, this time of year brings on the many "ghosts" of past yuletides, good and bad. The warmth of our friends and

family amplified by a collective goodwill brings a special richness and reward to our spirits that carry us for a few weeks afterward. It brings us to the reality that through all the cycles, new forms, tort reforms, risk retention acts, etc., we are a *people* that have universal needs, desires, fears, hopes and we must meet these demands in the test of time for our future survival. We are now instantly and painfully aware on global call the oneness of need and purpose of all humanity. As we grope to cultivate this growth while weeding the discords of our discontent we must remember that it is only recently that we have had the ability to communicate and touch one another so quickly. Where worlds collide in thought and individuals strive for their own uniqueness, we rally around this banner annually wishing it can last the entire year. Perhaps if we try to embody the Spirit of the Season with enough love, understanding and compassion we can truly make it happen. Giving of oneself is the greatest gift ever.



Art Hanebury, CPCU
Secretary

News From The Candidate Development Committee

BY: Art Hanebury, CPCU

CONGRATULATIONS! The Philadelphia Chapter was awarded the Edwin S. Overman Candidate Development Award for Excellence at the 1987 National Convention in San Antonio. We were awarded based on our chapter having completed eleven (11) very demanding criteria established by the National Candidate Development Committee.

The most demanding portions of the criteria involve ongoing efforts on the part of "chapter members." Specifically, the most difficult criteria to fulfill are:

- A. "Conduct one activity to attract *new* candidates into the CPCU/IIA programs, such as a booth, *members' speech to industry group*, special event. This should include a motivational message, program information and emphasis on counseling (submit evidence)."
- B. "Participate in Insurance Education Council or an Education Advisory Committee."

Our existing personal contact campaign and personal sponsorship campaign does not count in this category.

If you have performed an activity which might be used as an example satisfying the aforementioned criteria, please get in touch with me or any other officers and/or board member with your input. With your input we are sure to win this award annually!

More important than winning this award is the fact that the required articles aid in the development of Insurance Professionals in both number and quality. With continued sincere effort on everyone's part, in the area of candidate development the level of professionalism in our everyday business lives and consequently throughout "our" industry can only be improved. The net result to you, the existing insurance professional, is an improved everyday life by further reducing the "craziness" which sometimes occurs.

P.S. I had the good fortune to attend the National Convention, my fourth since 1983. I can say that the programs were excellent. It renewed my spirit relative to activity in the chapter and more importantly my commitment to professionalism and the Society of CPCU. I encourage everyone to make it a personal objective to try to fit next year's convention (Cincinnati) in your schedule. Think about it NOW!



Joseph McNasby, CPCU
2nd Vice President

News from the Program Chairman

Joseph M. McNasby, CPCU

As of this writing, we are very pleased to report that we have had two very successful and well-received breakfast meetings.

The first involved Mr. Joseph Rizzo and Mr. Patrick McGinley speaking on fire safety, and the second involved Mr. Glenn Wenrich speaking on the role of government in regulation of the insurance industry today.

Due to Philly I-Day, there was no breakfast meeting scheduled for November. While attendance has been good, it certainly could be a lot better. Aside from timely information, the breakfast meetings do provide us with a once-a-month opportunity to get together with our colleagues. Also, attendance at the breakfast meetings can give you valuable credits toward the CPD program.

We would like to see each of you at the balance of our breakfast meetings. Also, why not bring a friend?

As many of you are aware, the Philadelphia Chapter for the first time ever offered a Season Ticket Program to all of our scheduled Breakfast Meetings beginning September 1987 and ending with the June meeting in 1988.

We are very excited about this method of buying tickets to the Breakfast Meetings since it offers substantial benefits to everyone. From the standpoint of the local chapter, it is certainly easier in setting up good breakfast speakers knowing that there is a minimum base of attendees at each meeting. From the standpoint of the members there is, of course, an 18% savings off of the regular ticket price and also the convenience of not having to send in the money and receive tickets for each individual meeting. The ability to transfer your season ticket for an individual Breakfast Meeting, if you are unable to attend, is also a real plus.

P.S. Don't forget to mail in your card predicting the status of the insurance marketplace in June of 1988, if you haven't done so already.

The upcoming Chapter events are as follows and will be held at the Hershey Hotel 8:30 am except for the Franklin Award (Luncheon).

Date	Topic	Speaker
1/13/88 CPCU/RIMS	Trends of Courts in Litigation	Stephen Cozen
2/11/88 CPCU/CLU	Personal Tax Planning	Larry Rabun
3/10/88	Franklin Award Luncheon	To be determined
4/14/88 Elections	Value of Education	Mariellen Whalen
5/12/88	Better Speaking Through Better Communication	Representative of Toastmasters Intl.
6/9/88 Annual Mtg.	Market Cycle Analysis	Bob Parnell & Bill Graham



President Al Federico presents a plaque of appreciation to last year's president Pam Godwin at the Sept. 10th meeting.



President Al Federico presents a plaque to John Kelly in recognition of his prior service to the Board. John was 2nd Vice President and Program Chairman last year. Presentation was made at the September meeting.

Fun Time at the OK Corral And Fiesta in San Antonio

Learning
Eating
Drinking
And Being Merry



Art Hanebury won the cow chip throwing contest with this winning toss. Art is a cow chip off the old block.



Here Art explains to Al how to handle a cow chip.



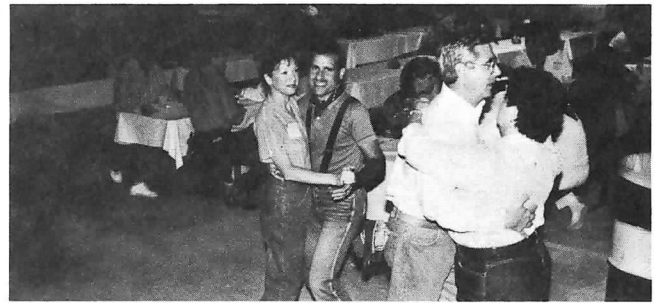
What a fiesta, tacos, burritos, chili, margaritas and more margaritas.



Boyd Bruce argues over who looks best in a sombrero.



New designee Karen Paleologus berates editor Pete Palestina about eating his third pickle and jalapeno pepper sandwich. Seems Pete couldn't wait for the regular chow line which was about two blocks long.



No band ever plays without Al and Vi Federico and Phil and Mary Spinelli hitting the dance floor.

A Spouse's View of the San Antonio Convention

BY: First Lady Vi Federico

The beautiful city of San Antonio hosted this year's convention. I expected to eat and drink Mexican food; however, I was surprised that there is a very large German influence not only in the city but in the entire area. It was possible to get an excellent bratwurst with saurkraut followed by a taco. This city held many surprises—all of them pleasant. The weather was particularly perfect with temperatures in the mid-eighties and the sun shining every day. A consistent backdrop for every event.

The Alamo is in the city. A lovely walk from most of the hotels. The bravery and determination still shines every bit today as we walked and discovered in detail about the heroic events embodied by the 188 deaths of the forebearers of this great nation. If the words "ideal and commitment" are strong in your character then you could not help feel the emotions of these men knowingly going to their death. It was a humbling and yet proud experience.

A trip to the LBJ ranch was also exciting. Here was a man that was buried less than 100 yards from his birthplace. Much has been written about Johnson the President and the Man but somehow you see a different side of him on the ground that he loved so much. He was proud and enjoyed and appreciated the beauty of nature. His love for horses is well known and he rode quite a bit. Johnson was devoted to his family and there is no doubt he had the respect and devotion among his neighbors. He was a tough man who happened to be President in one of the most turbulent periods of our history. This excursion allowed to view all that was good in this man and that was a good thing to experience.

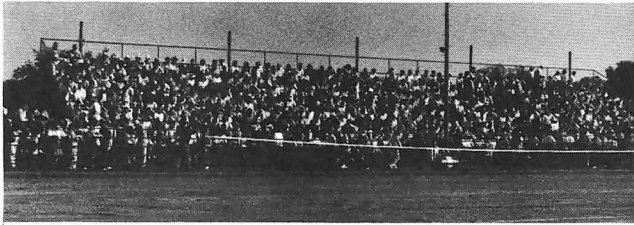
To comment on the Rodeo is easy—eat a lot, drink a lot, sing a lot, play a lot and dance a lot—in fact it was a lot like Camelot. We discovered two things—Art Hanebury has a vibrant, loud baritone voice which was the centerpiece on the bus trip back and he also is a very good tosser of cow chips (whatever they are).

Finally the Fiesta on the Wednesday night was a gala affair. If you didn't have any real Mexican food by then this was the time to try everything. It was a Mardi Gras and New Year's Eve party all rolled into one. The Riverwalk which snakes through the center of town is blocked on either side by cafes, restaurants and hotels. The canal boats quietly slide hauling mesmerized passengers in the Venice of the Americas. A fitting end to a most spectacular convention.

Philadelphia Chapter Receives Two Awards at National Convention

The Chapter received two awards during a special luncheon at the San Antonio National Convention. Chapter President Al Federico accepted on behalf of the Chapter the Jay Gleason Memorial Public Relations Award and the Edwin S. Overman Candidate Development Award for excellence. The Chapter was also a finalist in the 1987 President's Award for large chapters (over 300 members). That particular award was won by the Dallas Chapter. Our sister chapter, Greater Valley Forge was also a finalist for the President's Award to chapters in Class B category (51 to 150 members) which was won by Rhode Island Chapter. The GVW Chapter received the Continuing Professional Development Award for Excellence.

New Designees, Chapter Members, Spouses and Guests at the Chapter Hospitality Suite in San Antonio



President Al Federico, 37th from left, tells the gate crashers that the hospitality reception is for Philadelphia members only.



After straightening out that problem and getting out of it alive, President Federico welcomes new designees, guests and members at the reception in addition to a request for them to get involved and become active chapter members.



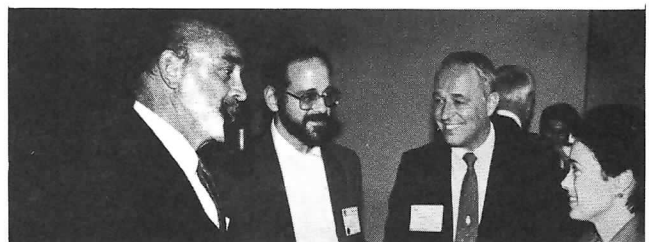
Then Al co-mingles with the various attendees with his usual charm.



Ed Levy, second from left, chats with some new designees.



Past Chapter Presidents pose with current President at the hospitality suite. First Row (L to R): Don Cook, Al Federico and Pam Godwin. Back Row: Walt Butterworth, Phil Spinelli, Pete Palestina and Iles Wauhohp.



New designee Nancy Davies with Phil Spinelli.

Some Thoughts on the National Meeting

BY: Al Federico, Chapter President

This year was my ninth convention and I guess I am always amazed at what a difference a year can make. The topics and concerns which were so pressing last year have lost their luster and the new stars were the ominous Soft Cycle, the 1986 Risk Retention Act and People Productivity.

Ahhh! Another cycle like spring after a hard winter—quite natural or is it. The seminar had the ring of a horror movie preview. The Great Unknown lurking in the shadows ready to rip the heart out of our industry by slashing away at its uncollectible reinsurance or higher taxes or its growing expenses not to mention possible tighter regulations, public distrust, producer/company conflicts. Coming to a theater near you—soon? Every year the problem seems so imminent you are sure the sky will fall—but it doesn't. Some day perhaps, but maybe this is what change is all about.

The Risk Retention Act is again an event after its time particularly with a softening market. Make no mistake that there has been an earthquake in the business with many a house crumbling. The irony is that this effect (like the Product Liability Act of 1981 from which this was amended) will take longer to feel. It's like having high blood pressure and not knowing it until it's too late. We have lost and will continue to lose an entire strata of available business.

Finally, people! How do we find them, train them, keep them—the GOOD Ones that is? The answer is not an easy one as we discovered. In fact, none of the speakers could really agree on many areas of the state of quality, education and commitment in our industry. The big questions relating to the number of people, degree of education and necessary skills for the future are hotly debated. The best bet for all of us is to DO SOMETHING, for sitting idle may mean that you will not be in tune with our changing needs. Keep education and communication going.

I look forward to next year!

1987 Philadelphia Area New CPCU Designees

Congratulations are in order to the following 40 people who have earned their CPCU designation in 1987. We hope they become active Chapter members.

Joseph L. Bauder
Joseph F. Brady
Gilbert R. Crouse
John P. Cucinotta
Nancy A. Davies
Joseph J. Dolce
Jeffrey L. Dunn
James J. Farmer
Ralph G. Ferguson
Cynthia M. Gantz
Stephen K. Garry
Donald R. Glitz
W. Douglas Hager
Albert S. Hall
Susanne F. Hazel
Jeffrey M. Homes
William E. Horn
James P. Jones
Marilee J. Keane
Renee B. Kessler

Mark V. Kiernan
Joseph A. Killian
Glenn L. Kulbick
Patricia J. Lavelle
Robert J. Liberati
Joseph P. Maher
Timothy J. Malloy
James J. Markham
Denise A. McKinney
Kathleen S. McNichol
Douglas A. Olt
Karen D. Paleologus
Victoria M. Quigley
Joan M. Shemming
Peter T. Simeone
Sandra L. Soulier
Kurt H. Terstappen
Jeanette Gies Vannauker
Robert M. Voorhees
William R. Warfel II



Peter Palestina
Editor

From the Editor

Sometimes We Don't Say What We Really Mean

This issue I thought we would have a little fun with this column. We've often heard the expression that people sometimes don't say what they really mean.

A good way to prove this point is by telling some of the excerpts actually taken from insureds' filed automobile claim reports, which you may find amusing.

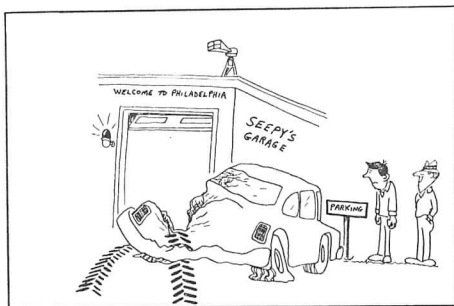
- I pulled away from the side of the road, glanced at my mother-in-law and then headed over the embankment.
- In an attempt to kill a fly, I drove into a telephone pole.
- I'd been driving for 40 years when I fell asleep at the wheel and had an accident.
- I was on my way to the doctors with rear end trouble when my universal joint gave way causing me to have an accident.
- As I approached the intersection a stop sign suddenly appeared, where no stop sign had ever appeared before. I was unable to stop and had an accident.
- To avoid nudging the bumper of a car in front of me, I hit a pedestrian.
- My car was legally parked as it backed into the other vehicle.
- An invisible car came out of nowhere, struck me and then vanished.
- I told the police I was not injured, but upon removing my hat I found I had a skull fracture.
- I was sure the old fellow would never make it to the other side of the road when I struck him.
- The pedestrian had no idea which direction to go in, so I ran over him.
- I saw the slow-moving, sad-faced old gentleman as he bounced off the hood of my car.
- I thought my window was down, but I found out it was up when I put my hand through it.
- The other car collided with my car without telling me he was going to do that.
- The guy was all over the road, I had to swerve a number of times before I could hit him.
- The telephone pole was approaching fast, I attempted to swerve out of the way when it struck my front end.
- I was thrown from my car as it left the road. I was later found in a ditch by some strange cows.

Hope you enjoyed those unbelievable but true statements. If you have some humorous or serious moments to share, why not send them to me c/o The Walsh Company, 1700 Race Street, Philadelphia, PA 19103. Until next issue, have an enjoyable holiday season and best wishes for a healthy and prosperous new year. Remember, don't drink to excess and drive, as we want you alive.

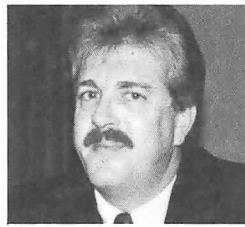


Some of our members at the Oct. 8th meeting.

THE ON-GOING SAGA OF "SEEPY SEEYOU"



Bet 'ya it was one of those uninsured motorists ... welcome to Philadelphia!



John Jud, CPCU, Director
New Designee Rep.

New Designees Column

BY: John Jud, Director
and New Designee Rep.

Congratulations—you are now officially a CPCU, with all the rights and privileges accorded thereby. By now I'm sure you'll agree that it was worth the effort.

I hope you were able to attend the Annual Meeting and Seminars in San Antonio. Though I wasn't able to be there, I understand that 1987 New Designees from the Philadelphia area were well-represented, that the topics and speakers were interesting and thought provoking, and that the social activities were entertaining. If you attended the Philadelphia Chapter's reception immediately following the Conferment Dinner, you were treated to the hospitality of Chapter members and met, possibly for the first time, some of the fellow members of the Class of '87.

It was my pleasure to meet you personally at Philly I-Day. Coincidentally, there were two designees I have known since my early CPCU classes, and another I hadn't seen for 30 years, since his family moved to another state when I was seven years old (the more astute reader will quickly calculate my present age, but don't dwell on it). I, for one, am glad it's a small world. For those of you who attended I-Day, the praise and recognition you received before many local members of the insurance community, not just CPCUs, was well deserved.

Keep in mind the CPCU Breakfast Meetings, held monthly at the Philadelphia Hershey Hotel. Attendance at these meetings will reinforce friendships made in San Antonio and I-Day, and help to develop new friends and contacts in the industry. The next two meetings, on January 13 and February 11, should be particularly interesting. January's topic is "The Trend of Courts in Litigation," an issue of exceptional importance to the entire industry. February's topic, "Personal Income Tax Planning," will be of personal benefit to all of us. There will be no Breakfast Meeting in March, but plan instead to attend the Franklin Award Luncheon; look for details soon.

Finally, if you have any questions about the Philadelphia Chapter, or if there is any way at all that I can be of service, call me at (215) 523-3070.

October Meeting Recap

Glenn A. Wenrich discusses role of government in regulating the industry

BY: Gloria Forbes, P.R. Committee

The October 8th Breakfast Meeting featured Glenn A. Wenrich, Director, Bureau of Examinations, Pennsylvania Insurance Department. Mr. Wenrich discussed the role of government in regulation of the insurance industry today.

Mr. Wenrich explained that since the enactment of the McCarran-Ferguson Act of 1945, the duty of insurance regulation has remained with the states. Most of the state regulations and laws of today have come through the workings of the National Association of Insurance Commissioners (NAIC). Formed over 100 years ago, it was originally known as the National Convention of Insurance Commissioners. The Association meets at least annually. In recent years it has been meeting four times a year. Its two large meetings which are held in the winter and summer, draw over 1200 participants. The smaller spring and fall sessions draw between 700 and 800 participants. It is through the NAIC that model acts and regulations are developed. Laws which come up through the various committees of the NAIC are adopted as "Model Acts" and are taken back by the insurance commissioners to their states for adoption. There are currently over 100 acts, laws and regulations which have been universally adopted through the recommendations of the NAIC.

The NAIC has its national headquarters in Kansas City. Today it also has a liaison in Washington, D.C., and a Securities Evaluation Office in New York. The Securities Evaluation Office determines those securities held by insurance companies which are permitted to be shown as admitted assets.

(Continued on next page)

September Meeting Recap

Former Philadelphia Fire Officials Address Members

BY: Bill Engler, CPCU, P.R. Chairman

Two well-known fire safety experts inaugurated the 1987/88 monthly chapter meeting program on September 10. Joseph Rizzo, former Fire Commissioner of the City of Philadelphia and Pat McGinley, former Fire Marshal of the City of Philadelphia were our distinguished guests for this informative program.

Mr. Rizzo reminded us of the rich heritage Philadelphia enjoys in the history of fire safety. Benjamin Franklin started the first fire company in 1736 at 3rd & Market Streets. This company, now known as Engine 8, is the longest continuous fire company in the United States. In those days, insurance companies were the sole source of financing for fire companies. Not infrequently, a company would refuse to put out a fire because the building was not insured by the company which supported the responding fire organization. Finally, in 1871, discipline was brought to the fire fighting scene when the City of Philadelphia assumed responsibility for all activities. However, insurance companies still exerted great influence by performing inspections on the companies by Fire Underwriters, with the grade resulting from these inspections being utilized in setting the insurance rates in the city.

Many changes are occurring in firefighting in metropolitan areas today. Budgetary constraints and new technology are resulting in fewer firemen. In the past it took one additional person to put a man on a fire truck 24 hours a day, 7 days a week. It now takes five men to support that same fireman because of shorter hours, more vacation, etc. \$200,000 is expended to put every fireman on the street.

Rizzo pointed out that fire detection is one of the most important aspects of fire safety, but fire detection is not fire protection. While great reliance is placed on smoke detectors, etc., significant losses of life and property still occur because other principles of fire protection are ignored and detection equipment is not properly maintained and monitored. Automatic sprinkler systems are the most effective method of fire prevention with today's devices being 97% effective. While these systems are initially expensive, they are long lasting and pay for themselves in the long run. Because of their effectiveness, they are mandatory in the Philadelphia Building Code.

Man-made products today are causing new hazards by producing poisonous gases when they burn. Several recent fires involving large loss of life have occurred due to man-made combustible materials, including the MGM and Hilton Hotel fires in Las Vegas.

McGinley pointed out the increasing number of security systems in buildings today and the frequent conflict between fire systems and security systems. Examples would include the installation of metal doors and windows for safety purposes which create "ovens" with no method of escape in the event of a fire. People also resist automatic sprinkler systems because of concern for faulty sprinkler heads. "In fact, one in 5 million sprinkler heads actually fails" said McGinley. He called on insurance people to promote compatible fire and security systems, and to educate their clients regarding technologies available today for fire protection.



Former Philadelphia Fire Commissioner Joe Rizzo and Former Philadelphia Fire Marshall Pat McGinley were the speakers at our September 10th meeting.

October meeting... (continued from previous page)

The Pennsylvania Insurance Department was created by PL#789 Public Insurance Act 21 of 1927. The Office of Insurance Commissioner was created by the same act. In Pennsylvania the Insurance Commissioner is appointed by the Governor and confirmed by the State Senate and House. In Pennsylvania the current Insurance Commissioner is Constance Foster. The Insurance Department has 3 deputies each heading a separate division: Division of Companies, Division of Consumer Service and Enforcement, and Division of Rates and Policy Forms. The divisions are then divided into separate bureaus. All of the various divisions are housed in Harrisburg with the exception of the Bureau of Examinations which is located on Spring Garden Street in Philadelphia. Traditionally this office has maintained its location in Philadelphia due to the concentration of the insurance industry in this area.

The Bureau of Examinations today is staffed by 33 professional examiners and 4 clerical personnel. It is the duty of the examiners to form an onsite examination of every company chartered in this state at least once every 4 years. Most of the 450 chartered in Pennsylvania are examined on a 3-year cycle. While the average examination may take 6 weeks, most larger carriers can require up to 1½ years for the onsite examination.

The Insurance Department also has the right to examine every company license in the State of Pennsylvania. The country is divided into 4 zones; the northeast, the southeast, the midwest and the west. When a home state is performing an examination they will invite other states to participate in the examination by sending notice to the Zone Chairman 60 days prior to the examination date. The Zone Chairman will distribute to the states this notice and advise the home state of those additional states that desire to participate in the examination. The state that the company is chartered in (home state) will call all shots during a zone examination.

The Bureau of Examination is reviewing 3 separate items when performing an examination of an insurance company. They are: solvency, compliance with laws and regulations, and market conduct. However, of these 3 items, solvency is the most important.

Mr. Wenrich reminded us that there has been a recent push to repeal the McCarren-Ferguson Act which threatens the peace of the state regulation. He is a proponent for preserving the state's right to regulate insurance because of the greater responsiveness that can be developed on a state level.



Glenn A. Wenrich, Director of Bureau of Examinations, Pennsylvania Insurance Department, addresses October 8th audience.



Some of the chapter members listen to the remarks of Joe Rizzo and Pat McGinley at our September 10th meeting.

Philadelphia Chapter 1987-88 Approved Budget

Total Income	\$31,930	Total Expenses	\$31,930
SURPLUS (DEFICIT) \$0			