



CPCU CHAPTERGRAM

PHILADELPHIA CHAPTER
THE SOCIETY OF CHARTERED PROPERTY
& CASUALTY UNDERWRITERS

VOLUME 20, NUMBER 4

Peter F. Palestina, CPCU—Editor

JUNE, 1987

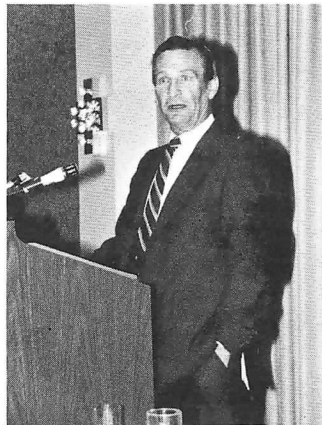
JOHN TOPOLESKI, CPCU Receives Franklin Award

The Chapter's 5th Annual Franklin Award was presented to John Topoleski at a special luncheon in honor of the occasion at the Hershey Hotel in Philadelphia on March 25th.

Some 203 CPCUs and friends of Jack came out to honor the popular and gracious recipient who is President of Eastern Risk Specialists, Inc. in Philadelphia, PA.

The keynote speaker was Caleb Fowler, CPCU, Senior Vice President and CFO, Property and Casualty Group, CIGNA Insurance Co. The award itself was presented by Chapter President Pam Godwin, CPCU, along with First Vice President Al Federico, CPCU. Jack has been active in the industry since 1956 when he first went to work at General Accident Insurance Company. He graduated from St. Joseph's College in 1952 and completed his study for the CPCU designation at the University of Pennsylvania in 1961. He has been on the faculty of The Insurance Society teaching INS 22 since 1974.

In 1985 The Insurance Society honored John Topoleski as an outstanding educator for his long and commendable record of teaching the INS property course. Since 1974, when John began teaching for The Insurance Society, students have noted about his teaching that the material is presented clearly and concisely and that they feel they are well prepared for the National Examination. His depth of knowledge in the subject matter is recognized and appreciated by the students, as is his routine of giving written assignments and grading them as they would be graded on the National Examination. Dr. Whelan stated in her testimony to John at the Insurance Society banquet, that, "hundreds of students understand the principles of property insurance better because of John Topoleski, and the Insurance Society is richer with a faculty member who brings a casual manner, a loose tie and colorful language to the task of teaching." Terry Macko and Jim Broussard of Evans Congar Broussard and McCreia commenting on their friend and colleague stated, "Top is without a doubt the best underwriting person in the business. He possesses thorough knowledge and communicates it in practical day to day language. Top has helped many of us by his no nonsense approach which translates to 'let's get it done'."



A humble Top thanks the audience and the Chapter during his address at the Franklin Award Luncheon.



Two of Top's Friends and former co-workers from his General Accident days, Dave Cumming, CPCU, left, and Carl William, right, offer their congratulations.



Some of the 203 attendees who came out on March 25th to honor John Topoleski at the Franklin Award luncheon.



John Topoleski, CPCU, is flanked by Chapter President Pam Godwin and 1st Vice President Al Federico while being presented the Franklin Award.



A table of fellow employees and friends of Top at the Franklin Award luncheon.



*Pamela H. Godwin
President*

The President's Corner

I was struck by a quotation which I read recently and I thought it was an appropriate message to share with you.

The quote reads: "If I am not for myself, who will be for me?" If I am only for myself, what am I?" This is a Jewish precept which is attributed to Rabbi Hillel.

I think that the CPCU program and Society is highly compatible with this precept.

Most of us begin the program and persevere through its completion with the motivation of improving ourselves, our position, our family's security, etc. And that invariably happens as a result of the learning that we experience throughout the program.

The beauty of it is that as we improve ourselves we greatly enhance our ability to contribute to the well-being of others, to the health of the economy, and to society as a whole. Active chapter membership tends to be a strong, positive stimulus to this process of ongoing learning and enhanced ability to contribute, particularly because it provides the frequent opportunity to interact with highly capable, well-informed professionals.

So I encourage you to remain active or become active at whatever level you can afford to be. (Even if your time permits you only to attend breakfast meetings, this is still a benefit to you and to others who will enjoy your perspective during informal conversations or question-and-answer sessions.)

My sincere appreciation to each of you for your support this year. I've enjoyed the experience very much and learned a great deal as well. So you've contributed to my growth, and I thank you.

Have a wonderful summer!

Warm Regards,

Pam Godwin

Chapter Members Receive Personal Sponsorship Award at April Meeting

Helen E. Flannery, CPCU; Thomas Flannery, CPCU, CLU, ChFC of PA National Insurance Co.; Terry Macko, CPCU, Senior Vice President of Evans, Congar, Broussard and McCrea; and Philip Spinelli, CPCU, Assistant Vice President of CIGNA, were presented Personal Sponsorship Awards by President Pam Godwin, CPCU, at the Philadelphia Chapter's April 14 meeting at the Hershey. The Personal Sponsorship Award is given for leadership in motivating and guiding a CPCU candidate through the course of study.

Helen and Thomas Flannery were nominated by their son T. Kevin Flannery who said that the help of his parents was invaluable in his successful completion of the program. Each exam Kevin passed was a truly big event in the Flannery household.

Terry Macko was nominated by Ann Marie Crawford who said that she was encouraged by Terry to enter the program and she was offered support and assistance by Terry throughout her studies.

Philip Spinelli was nominated by John L. Judd who said that Phil provided advice and counsel, motivation and encouragement and assistance.



Phil Spinelli receives a Personal Sponsorship Award from President Pam Godwin at the April meeting.



Other Chapter members, Terry Macko, Helen Flannery and Thomas Flannery also received Personal Sponsorship Awards from the Chapter.

PHILADELPHIA CHAPTER: New Officers and Directors Elected at the April 14th Business Meeting

During the April 14th meeting the following officers and directors were unanimously elected for the term beginning July 1, 1987.

President Albert P. Federico, Jr., CPCU
 First Vice President Raymond E. Lindsey, CPCU, CPA
 Second Vice President Joseph M. McNasby, CPCU
 Secretary Arthur C. Hanebury, CPCU
 Treasurer Ronald E. Vogrin, CPCU
 Director Two Years Larry L. Klein, CPCU
 Director Two Years John L. Judd, CPCU

Two other directors, Terry Macko, CPCU, and Bruce Kelly, CPCU, are also part of the 1987/88 Board and have one more year of their term to serve.

Greater Valley Forge Chapter Elects New Officers and Directors

During the April 16th meeting of the Greater Valley Forge Chapter the following officers and directors were elected for the 1987/88 term. Philly Chapter wishes them great success.

President Jim Gow, CPCU
 First Vice President Tim Barnes, CPCU
 2nd Vice President John Raimondo, CPCU
 Secretary Debbie Davis, CPCU
 Treasurer Michael Trachtenberg, CPCU
 Director Tom Douglas, CPCU
 Director Herb Shartle, CPCU
 Director Don Geyer, CPCU
 Director Bob Morgan, CPCU

April Meeting Recap: Bob Naylor Addresses Reinsurance And Its Impact On Pricing

ARTICLE CONTRIBUTED BY: The P.R. Committee

The April Breakfast meeting featured a discussion on the impact of reinsurers and retrocessionaires in casualty pricing cycles and the market dynamics of Casualty Underwriting. Leading a very stimulating discussion on this topic was Robert Y. Naylor, Vice President, American Reinsurance Company.

The discussion centered around the market dynamics and psychological reasons behind soft market swings as well as the oft cited economic reasons. Mr. Naylor asked the audience why they felt companies sometimes took pricing below feasible levels in a competitive market. The audience response centered around the maintenance of established relationships. Insurers will act to maintain the open relationship with profitable agencies and brokerage firms continuing to be a market for their business in a competitive cycle. In addition, insurers seek to maintain established clients.

Mr. Naylor expanded the conversation by explaining additional areas that drive the marketplace. In a society where "everyone buys insurance" a competitive market will result in declining volume. Because the overall client base cannot be expanded, depressed rates will result in overall premium reductions. As a result companies will continue to reduce the pricing structure in an attempt to increase market share. Mr. Naylor further explained the role that expense ratios have in competitive market cycle. As expense dollars are constant, expense ratios rise; hence volume decreases. Companies will continue to compete in an effort to increase market share to maintain expense ratios. This is a more favorable solution than the potential of laying off personnel. He expressed his feeling that this is the main psychological drive to writing business at an inadequate price in a soft market cycle.

Knowing the problems should enable the industry to develop solutions. In the drive to reduce expense ratios, Mr. Naylor explained that the unbundling of services by insurance companies can go a long way to reducing overall expenses and cutting expense ratios. In addition, there is a growing belief that, as an industry, we should begin underwriting and booking liabilities off of exposure units in lieu of current premium methods.

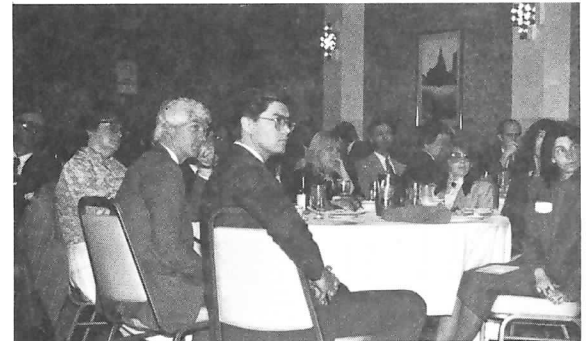
The result of severe market swings is contributing to the bad public image of the insurance industry. To avoid the government regulation that can result from this, the industry must discontinue its masochistic behavior. Insurers, reinsurers, and brokers must learn when to turn off the valve.



Bob Naylor, keynote speaker at our April meeting, speaking on reinsurance impact on pricing.



Bob Naylor, V.P. American RE, mingles with the audience during his presentation at our April meeting.



Some of the audience at the April meeting.

Treasurer's Report

as of April 6, 1987

BY: Joseph Folz, CPCU, Treasurer

	BUDGETED	ACTUAL
Income	\$26,825	\$18,218
Disbursements	28,825	17,290
(Deficit)/Surplus	\$ (2,000)	\$ 928
CASH BALANCE:		
Checking	\$ 6,896	
Money Market	6,109	
TOTAL	\$13,005	



Phil Spinelli is not describing the fish he caught, but he is asking a fishy question of Bob Naylor at our April meeting.

65 Philadelphia Chapter Members Presently Qualified For CPD

Congratulations to the 65 Chapter members who currently are qualified for the Continuing Professional Development credit (CPD). A reminder for those members shown under the 1987 column that they should plan on requalifying prior to the end of 1987.

QUALIFIED TO DECEMBER 1987

Sharon S. Balaban, CPCU
 Boyd Bruce, CPCU
 Walter G. Butterworth, CPCU
 Donald W. Cook, CPCU
 Robert M. Crowe, CPCU
 William R. Gawne, CPCU
 Philip Gruender, CPCU
 Bob A. Hedges, CPCU
 John W. Kennedy, Sr., CPCU
 Edward P. Kiessling, CPCU
 R. Paul Modafferi, CPCU
 Francis J. Preis, CPCU
 Harry W. Rambo, CPCU
 Frederick Roe, CPCU
 Lawrence H. Schenk, CPCU
 Homer O. White, CPCU
 (deceased)
 Albert P. Woodward, CPCU
 Anthony J. Zysk, CPCU

QUALIFIED TO DECEMBER 1989

Robert J. Gibbons, CPCU
 Bruce W. Gurney, CPCU
 George L. Head, CPCU
 Bruce L. Kelly, CPCU
 Peter R. Kensicki, CPCU
 Theresa Macko, CPCU
 Alvin E. Mangold, CPCU
 Joseph M. McNasby, CPCU
 Peter F. Palestina, CPCU
 Joseph E. Ryan, CPCU
 James A. Sherlock, CPCU
 L. James Zoerkler, CPCU

QUALIFIED TO DECEMBER 1988

Gregory P. Aristoff, CPCU
 Thomas J. Conway, Jr., CPCU
 Eileen M. Costello, CPCU
 Jack F. Derrickson, CPCU
 Joanne M. Dolce, CPCU
 Patrick M. Egan, CPCU
 Kevin R. Engelke, CPCU
 Albert P. Federico, Jr., CPCU
 John P. Ferry, Jr., CPCU
 David S. Filer, CPCU
 Gloria D. Forbes, CPCU
 Paul W. Forbes, CPCU
 Richard E. Forchetti, CPCU
 Robert C. Forchetti, CPCU
 James C. Georg, CPCU
 John J. Gibbons, CPCU
 Pamela H. Godwin, CPCU
 John M. Griffin, CPCU
 Herbert H. Hildebrand, CPCU
 Pius M. Kang, CPCU
 Keith E. Kaplan, CPCU
 Larry L. Klein, CPCU
 Edward Levy, CPCU
 Terrie M. Menne, CPCU
 Richard B. Millham, CPCU
 Ellen B. Outten, CPCU
 Vincent D. Phillips, CPCU
 Kerin J. Raffery, CPCU
 Peter C. Raymond, CPCU
 Anne M. Sechler-Kopanski, CPCU
 Philip N. Spinelli, CPCU
 Robert K. Steere, CPCU
 Andrew C. Stienes, CPCU
 John Topoleski, CPCU
 William J. Vohs, CPCU



Some of the registrants attending the Feb. 24th workshop.



Donn McVeigh, CPCU, Chairman, CEO and Corporate Director of Creative Risk Concepts International addresses the audience attending the Chapter's jointly sponsored workshop on "Alternatives to Traditional Insurance" held at the Franklin Plaza Hotel on February 24th.

Message on 1987 I-Day

FROM: Peter C. Raymond, CPCU, Co-Chairman

Plans for 1987 I-Day are well underway. Save October 29 for this important insurance event. There will be a program of interest to all connected to our profession.

We plan to welcome the 1987 CPCU Designees at the luncheon. Come help us induct these new members into our society and our chapter.

Sincerely,

Peter C. Raymond, CPCU
 "I-Day" Co-Chairman



Peter Palestina
Editor

From the Editor

By the time you read this in June, most of you will have started preparing or underwriting the new Accord Applications tied to the new ISO Simplification Program. Many of the companies are going with a July 1, 1987 implementation date, but quite a few will be holding off until later this year and some will not likely use it until 1988. Hopefully all of us have been educated and trained in the new program in some fashion, because it is not going to be fun. If you think working through the ultra soft and hard markets of the early 1980s was tough and grueling, wait 'til you try working with simplification. Many of the much-talked-about problems and pitfalls will be tackled in a short period but many of the problems, including those we are now unaware of, will not manifest themselves until later. Let's keep our fingers crossed and hope that our industry does not come out of this with a worse reputation than it now has. If we are lucky, our Seepy Seeyou cartoon in this issue will not become a reality.

Speaking of reality, remember my column in the last issue about price cutting, tort reform and how the public will be viewing us. Well I hate to say 'I told you so,' but have you been reading the papers lately or watching the news on T.V.? enough said.

I would like to end with a note of congratulations to our outgoing President, Pam Godwin, for a job well done and the best of luck to President Elect Al Federico and the new administration who will begin their term on July 1st.

Until next issue in September, have a great summer, encourage your fellow workers to continue their education and strive for the CPCU designation, and above all else—stay healthy and wise.

Caleb Fowler, CPCU, Speaks At Franklin Award Luncheon

ARTICLE CONTRIBUTED BY: The P.R. Committee

It was our honor at the 1987 Franklin Award Luncheon to have as a guest speaker Caleb Fowler, CPCU, Senior Vice President, Chief Financial Officer, CIGNA Property and Casualty Group. Mr. Fowler spoke to us about leadership in the insurance industry.

Mr. Fowler asked us to consider the implications and responsibilities of a leader in our industry. We represent a business that has more than a third of a trillion dollars in assets, premiums that are pushing 200 billion dollars, and employ about 475,000 people in approximately 3500 property and casualty companies. Given the scope and influence of our industry, Mr. Fowler thought it appropriate to talk about leadership and the qualities which are necessary to sustain our business.

The general public, many legislators, and some other constituent groups don't really understand our business and how it works. We have not done a very good job in one of the critical elements of leadership: that is, communication. Given the breadth of our business, it must be run with enlightened thinking. We must balance risk underwriting approaches with the broader societal implications. Mr. Fowler also noted that another area crying out for creative leadership is in the influencing and meeting public awareness of our industry and how it operates.

In closing, Mr. Fowler stated that those of us who have pursued the leadership in insurance that the CPCU designation denotes bear an inordinate responsibility for guiding the industry. It is this type of leadership and creativity in excellence that we all must exercise.



Caleb Fowler, CPCU, Senior Vice President and CFO CIGNA Property and Casualty Group was the Keynote speaker at the Franklin Award luncheon.

Letter to Chapter President Pam Godwin From Richard Jodoin On John Topoleski Receiving The Franklin Award

Dear Pam:

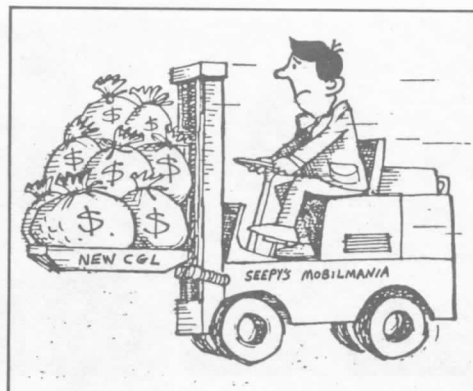
I want to personally thank you for inviting me to the Franklin Award Luncheon. It gave me a great deal of pride to see one of my employees receive this prestigious award. John Topoleski is one of Risk Specialists' most valued employees. The award that the Philadelphia Chapter of C.P.C.U. has bestowed only confirms what we at Risk Specialists knew all along, and that is, that John is a very special person.

Please pass along my congratulations to Al Federico and his committee for a job well done.

Sincerely,

Richard Jodoin
President
Risk Specialists Companies, Inc.

THE ON-GOING SAGA OF "SEEPY SEEYOU"



Hope this is enough to reinstate the aggregate limit. Also better check if this baby is still considered mobile equipment.

Joint CPCU/RIMS Meeting Recap Risk Retention Act Discussed

ARTICLE BY: The P.R. Committee

The breakfast meeting held on February 11 at The Hershey Hotel was a joint meeting with The Delaware Valley Chapter of the Risk and Insurance Management Society. The topic of the guest speakers was the newly revised Risk Retention Act. Addressing this topic were David H. Collings, Vice President, Johnson & Higgins of Pennsylvania, Inc. and M. Michael Zuckerman, Assistant Vice President, Johnson & Higgins of Pennsylvania, Inc.

The Risk Retention Act, which was originally enacted in 1981, did not have any initial impact in the insurance marketplace. From its enactment until the revision of the act in 1986, only three retention groups and four purchasing groups were formed. There were several problems associated with the 1981 act. First, was timing: the act was introduced during the soft market. In addition, the act applied on a limited basis only, products and completed operations liability coverages.

Under the 1986 amendment to the Risk Retention Act, the application of the act has been expanded. The act, which makes it easier to purchase or self-insure as a group, encompasses all liability exposures except Workers' Compensation, Employers' Liability, and Personal Liability. The act allows entities with "similar" and "related" exposures to pool for the purpose of buying insurance or self-insuring. While some states were still hostile towards the act, the insurance crisis created enough pressure that the act passed.

A risk retention group must be formed in the United States. An entity must be both a shareholder in the group and an insured to participate. The group will obtain a corporate license as a carrier in all states by chartering in one state. The risk retention group overrules many state regulations and is not required to participate in the involuntary market or complying with countersignature requirements.

While the act allowed the formation of retention groups which will assume part of the risk for its participants, it also approved the formation of purchasing groups. Unlike associations which have other functions, a purchasing group under the Risk Retention Act is formed solely for the purpose of buying insurance. Companies with similar or related exposures will purchase the same coverages, but retain no part of the risk.

At the present time, the Risk Retention Act has a few "bugs" which will need to be worked out. Among these are the untested language, filing of rates, JUA participation in non-charter states, surplus lines taxes and requirements, etc.

Even with many of the problems, the opportunities abound. Currently, there are four states which have acted favorably towards the domicile of risk retention and purchasing groups. They are Delaware, Connecticut, Vermont, and Tennessee. With the revised tax laws and the broadening of the Risk Retention Act, many off-shore captives are returning to the United States.

The impact of the act is just beginning. It is estimated that in the next three to five years 1,000 risk retention groups or purchasing groups will be formed. Currently, most of the groups deal with high hazard risks. In addition, groups have been formed for Professional Liability such as the Delaware group for CPAs. While much remains to be seen, it is anticipated that by 1990, 45% of the market will be self-insured in the next several years.



Michael Zuckerman and David Collings of Johnson and Higgins were the guest speakers at the February 11th Joint CPCU/RIMS meeting.



Some of the candidates who have completed six or more CPCU courses are recognized at our April meeting.



Some of our Chapter members involved with teaching and Personal Contact Campaign are recognized at the April meeting.



1987 ANNUAL MEETING
 ☆ **AND SEMINARS** ☆
SAN ANTONIO ☆ **OCTOBER 11-14**
THE SOCIETY OF CPCU