



CPCU

PHILADELPHIA CHAPTER
THE SOCIETY OF CHARTERED PROPERTY
& CASUALTY UNDERWRITERS

CHAPTERGRAM

VOLUME 22, NUMBER 2

Peter F. Palestina, CPCU—Editor

DECEMBER, 1988

SEPTEMBER MEETING RECAP The Delaware Valley Marketplace— Where Is It Headed?

BY: Bill Engler, CPCU

This was the question posed by three local Branch Managers at the initial meeting for 1988/89 of the Philadelphia Chapter held on September 15. Giving their views were Connie Mack from the Harleysville Insurance Company, Norm Nickel from Aetna Life and Casualty, and Byrd Gwinn from Chubb and Son.

The marketplace is a subject discussed almost daily in insurance offices throughout the Delaware Valley. It affects our business lives and, sometimes, even our personal lives. As most managers were formulating their business plans for 1989, the views of our three guests were particularly timely.

Connie Mack spoke of the marketplace of small to medium commercial accounts. His view was that the soft market is already here, and will continue throughout 1989, although not the same depth as the last soft market. Drastic rate cutting will not occur as broadly as it did in the past. Reinsurers will show more discipline than they did in the last cycle.

The Tax Reform Act of 1986 will have a major impact on all insurance companies. Bottom line taxes will be dramatically higher for most companies. For example, Harleysville's taxes will be 2½ times higher than they were prior to the new tax law. This will have a dramatic effect on surplus, and thus on pricing.

Reacting to these influences, Harleysville anticipates a premium growth of 5%-7% in 1989, much of which will come from Renewals. The word for Harleysville for 1989 is "Profit before Production," that is, concentrate on the existing book of business rather than emphasize new business production at cut rates.

Agents should concentrate on excellent service in 1989. If pricing is close to that of competition, service will be the controlling factor. They should also concentrate on maintaining close relationships with the companies for which they sell.

The news from the personal auto line is not good. This line continued to be subsidized by the commercial lines, particularly in the Philadelphia and suburban area. The primary reason for this is that Philadelphia has the highest incidence of lawsuits per capita of any major city in the United States. Continued support of legislative reform is needed to correct this situation.

Norm Nickel's view of the commercial market was that there is a generally rational level of competition. No company is aggressively leading the industry into the chaos of the last cycle. The new tax law plus the lack of high interest rates are preventing companies from engaging in cash flow underwriting. Other factors lending restraint on pricing include an intense claim environment, lack of progress on tort reform and an increased professionalism in the industry through education.

"Our continued discussion of the cycle is causing confusion among our customers," said Nickel. They keep anticipating the absolute bottom price rather than using loss control and claim control as means of minimizing exposures. We need to demonstrate to our public that price is based on actual loss costs and on efficient company operation.

Byrd Gwinn chose to describe the market as experiencing "price erosion" rather than entering a drastic soft cycle. Loss reserves are still inadequate at many companies. Reinsurance insolvencies are still prevalent. Pennsylvania is third in the nation in the size of its insolvency funds, behind only California and Florida. Byrd again mentioned tax reform noting that the impact on the insurance industry will be \$9 billion over the next 3 years. All of these factors will combine to limit any trends toward soft pricing.

1988 Philadelphia Area New CPCUs

Congratulations are in order to the following 40 people who have earned their CPCU designations in 1988. Hopefully they will all become active Chapter members.

Paula Miller Anderson
Robert L. Begley, Jr.
Edward J. Brennan
Richard G. Browne
Scott W. Campbell
Eleanor Kelly Clunk
John R. Coda
Thomas Cox
Barbara C. DaPolito
Steven A. Fisher
Terrance J. Goodreau
Stanley H. Gunnison
Charlotte A. Hangsterfer
Kevin P. Hannon
Theresa A. Hughes
David L. Jacobs
James S. Kahn
Janet L. Klagholz
Julia K. Krackov
Timothy G. Kullman

John T. Lenahan
Clifford R. Lindahl
Bernadette Lowen
Elayne Markey
Robert Medeiros
Michael A. Mee
David F. Miller
Michael J. Mitchell
Dennis A. Murphy
Laurence J. Nelligan
Richard M. Paganucci
Thomas T. Robinson
Nancy Smyrl Routhier
Susan M. Sarcheck
Thomas A. Sarnese, Jr.
James I. Slavens
Vincent D. Trainor
Choon S. Tucker
Gary J. Uzelac
Christopher M. Watson

Philadelphia Chapter Receives Four Awards

The chapter received four awards during a special luncheon at the National meetings in Cincinnati. The awards were as follows:

- Jay Gleason Memorial Public Relations Award.
- Continuing Professional Development Award For Excellence.
- Edwin S. Overman Candidate Development Award For Excellence.
- Research Achievement Award.

In addition, our chapter was a finalist in the coveted President's award for jumbo chapters (those chapters whose membership totals more than 300). Sooner or later Philly chapter is going to win this award which has eluded us for years. With a little help from you, our members, by your involvement and participation, perhaps we can win it in 1989.



Ron Vogrin
Fireman's Fund



Conrad Mack
Harleysville



Norman Nickel
Aetna L&C



Byrd Gwinn
Chubb

The above distinguished company branch managers were the speakers at our Sept. 15 kickoff meeting.



Ray Lindsey, CPA, CPCU
President

The President's Corner

PERPETUATING PROFESSIONALISM

CLARION HOTEL, CINCINNATI, OHIO—This, the last day of meetings, seminars and fellowship with CPCU friends across the country seems a good time to reflect on what

CPCU means to us as individuals. It means we have passed a battery of exams to demonstrate we have attained the knowledge to qualify as a professional in the insurance industry. It also means that we have agreed to live by a code of professional and ethical conduct in our business lives. These are the things that immediately come to their minds when our business associates learn that we have the CPCU designation. They accept this professionalism, not realizing that it must be nurtured and maintained, or it will be lost. Fortunately, as CPCUs, we have means to perpetuate the professionalism.

We can continue our professional development through chapter meetings, seminars and Society Annual Meetings and Seminars. Continuing professional development by each of us is necessary if CPCU is to continue as the professional organization for the property and casualty industry.

We can seek and enjoy the fellowship of other CPCUs at the chapter meetings, Annual Meetings and other gatherings. This interaction permits the exchange of ideas, discussion of problems and reinforces our commitment to professionalism. We can participate with other CPCUs in chapter and Society activities and influence the direction of the chapter and the Society. It's only through the efforts of the members that we can achieve a better profession and better professional Society.

Continuing professional development, interaction with other CPCUs and participation in chapter and Society activities give us perspective on our industry, changes in the industry, its problems and its direction. Without this perspective, we spend too much time looking at the trees, and don't see the forest. This is the benefit of CPCU that people don't see until they earn the designation.

* * * * *

By the time you read this we will have had another successful I-Day, the November meeting will be behind us, and we will be looking forward to the Holidays. I wish each of you and your family happy and enjoyable holidays.

Promotions and Congratulations

Harry R. Johnson, CPCU was appointed Vice President of the Graham Co. Harry's previous role was Marketing Manger. Harry was also our chapter's New Designee Rep in 1982.

Philadelphia Chapter 1988-89 Approved Budget

Income	\$32,200
Expense	\$37,750
Deficit	(\$5,550)



Are these Chapter members buying the predictions of the local branch managers as presented at our September meeting?

Program Chairman Reports on Upcoming Meetings



Art Hanebury, CPCU
2nd Vice President

We have a lot of things working for the remainder of the 1988-89 Breakfast Meeting Schedule. Our topics come from a wide spectrum and I hope you and your guests will make time to be with us.

Dates to remember are as follows:

12/15/88	Jumbo Loss Adjustments
01/18/89	(Joint CPCU/RIMS)—The London Market
02/16/89	(Joint CPCU/CLU)—Our Industry Facing Aids
March	Franklin Awards Luncheon
04/13/89	Trends in Executive Succession Inside vs. Outside Successors
05/18/89	"The Next Two (2) Years"
06/15/89	Management Information Systems

Remember, also, that we are starting our meetings at 8:00 A.M. Rise and Shine!

We are asking all of you to submit suggestions for topics for future meetings. If you have a suggestion, please see any of the Board of Directors, Officers or Ed Kostyk at Towers, Perrin, Forster & Crosby (963-7700).

Each year we have had a "Spring Social" for the Philadelphia Chapter. It's reception has been less than enthusiastic. I will be forwarding a questionnaire to each member of the Philadelphia Chapter requesting direct feedback on the topic. Please take time to communicate your opinion and interest in the "Spring Social."

"Our interest is to pique your interest." Your involvement by expressing your opinion in writing or participating in a committee is essential. Please make some effort to get involved!

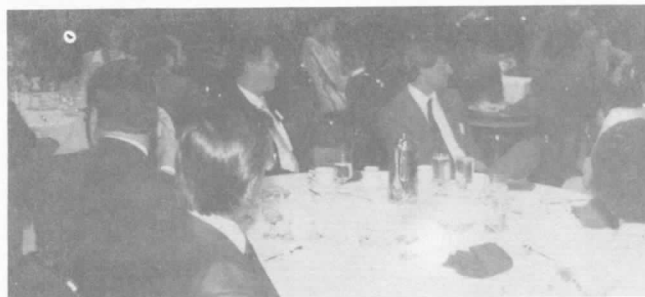
If You've Got It—Flaunt It!

BY: Bill Engler, CPCU

Affinity license plates such as "IMGR8," credit cards with your favorite NFL team on the face, radio and TV advertisements by doctors and lawyers. These are all prevalent signs in today's society of the pride and value people place in their organizations. But when was the last time you saw a similar promotion of the CPCU designation? We bemoan the low esteem in which our industry is held by the general public, but what do we do in our daily activities to reverse this perception?

One simple way is through the use and promotion of the designation for which we worked so hard. Does your business card bear those four letters, CPCU? How about your business stationery? When was the last time you mentioned CPCU to a new associate just starting in the business. Have you been to a chapter meeting in the past year? If you are not as proud of your answers as you were when you received your designation, it's time for a change. To paraphrase a current political idiom—when it came to promoting CPCU "WHERE WERE YOU?"

Through our personal advertisement as members, we attract others to become involved and enhance the perception of professionalism in the industry. If each of us does his individual part(s), the over 22,000 of us collectively will make a profound, lasting impression.





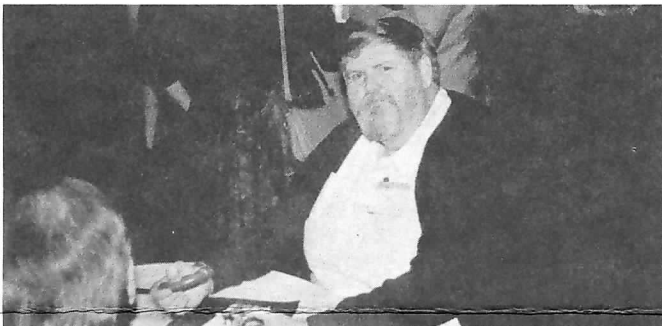
Editor Pete Palestina got an opportunity to greet "Dr. J" Julius Erving while in Cincinnati. Rumor has it that Pete wanted to chat about basketball but Doc suggested he stick to insurance.

"Dr. J" Addresses Convention

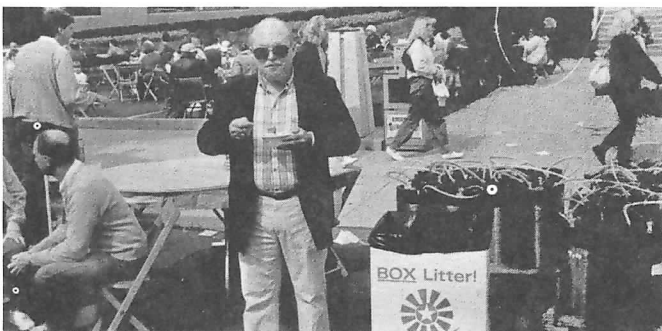
Philadelphia's own "Dr. J" Julius Erving addressed the CPCUs and guests both at the Conferment dinner and the alternate dinner in Cincinnati. Doc discussed his four rules:

- Don't step in anything soft.
- Old boomerangs are hard to throw away.
- Everyone wants to peel his own banana.
- Whatever hits the fan, remember, it will not be evenly distributed.

Although a good portion of Doc's address was filled with humor, there was a serious side to his remarks. Doc said that each of us has potential and "the job for all of us is to find that potential ... the sense of what might be is what makes us special." Doc believes we need to develop the common sense to bridge our political and personal gaps. He would like for all of us to "take a can-do spirit ... life is full of frictions, but a gem cannot be polished without friction." He concluded by remarking "let us never forget that we are all part of something that is not ourselves."



Some of you older members may remember Bob Dillon, CPCU when he was with Fireman's Fund in Philadelphia. We caught up with Bob in Cincinnati. Bob is with Zurich at their home office in Schaumburg, IL, and sends his regards to all his Philly friends.



President Ray Lindsey consumed so much food at Cincinnati's Chili Festival they gave him his own litter box.



Boyd Bruce, CPCU with wife Joyce poses with Art Blanche, CPCU and wife Cele at the national meeting in Cincy.



New chapter designees L. to R. Jim Kahn, Gary Uzelac, Elayne Markey and Mike Mee at the Chapter's reception.



Ray Lindsey caught in the middle of some heavy discussion between Art Hanebury (left) and Ray Lewis (right).

How Many CPCUs?

Since its inception in 1984, 24,613 people have received the CPCU designation. Of this number, 768 are retired and 961 are deceased. This year there were 1,216 new designees and our Society continues to grow. We should see the 25,000th CPCU among next year's new designee crop. As the Society continues to grow, hopefully you are growing with it by your continuing education, involvement and encouraging others to seek the CPCU designation.



President Ray Lindsey (R.) discussed mutual chapter affairs with Greater Valley Forge President Tim Barnes. Also shown is Betty Raimondo.



Norm and Sid Baglini with their daughter Becky at the Cincinnati Octoberfest.



Later Norm (alias Bags Baglini) and Sid Rock 'n Rollin' at the 50s sock-hop.



Society Executive V.P. Paul (Pete) Synnott is all smiles at the sock hop.



Pete Palestina gives the thumbs up sign for Barbara Cobb of the Norfolk Chapter at the 50s Night festivities.

Quotes of Note Heard in Cincinnati

- If you don't know where you're going, how the hell are you going to get there?
- The average person's greatest fears are: public speaking, reptiles and heights. Wouldn't it be great if we could put all of our enemies in a plane full of reptiles and podiums?
- Friends come and go, enemies accumulate.
- The average person is lazy, dislikes work and will avoid it if possible.
- Everybody is relative to someone else, otherwise there could be no way of making comparisons and judgments.
- Insurance companies are not the players in the casino of life, they are the house.
- Ignorance is a great weapon—if you don't know what you're dealing with, you can't be afraid of it.

Two Area People Win National Honors

Congratulations are in order to the following individuals receiving honors by the Institutes at the National Meetings in Cincinnati:

- Michael A. Mee, CPCU of Robinson-Connor, Inc., Willow Grove, received an award for academic excellence on achieving the highest grade average for the examinations leading to the CPCU designation.
- Alan J. Charkey, AIM of Aetna Life & Casualty, Philadelphia, received an award for academic excellence on achieving the highest grade average for examinations leading to the AIM designation.



John and Betty Raimondo rock it up at the hop in Cincy while Dick and Kathy Felts sop it up.



Larry Klein waits his turn at the pin-ball machines, which were some of the amusements at hand for 50s Night.



More new designees and guests at the Chapter's hospitality suite.



Peter Palestina
Editor

From the Editor

CONVENTIONS— EDUCATION OR RECREATION?

Consider the following: We had 40 new designees from the chapter area this year, the same as last year when the national convention was held in San Antonio. This year in

Cincinnati 19 of our new designees (less than 50%) attended while last year approximately 75% attended. Within the ranks of the regular membership of the Philadelphia chapter (exclusive of personnel of the national Society and the Institutes in Malvern) the attendance was drastically reduced this year. We saw less than half the number as last year and many who normally take their spouse did not do so this time around.

The question then becomes—do CPCUs attend the annual Society Meeting and Seminars for the educational value or the recreational value? It would appear on the surface that the answer is the latter. Consider that Miami, San Antonio, New Orleans, New York and Hawaii do so well in attracting attendance while places like Cincinnati and St. Louis do not draw as well. You can bet the house that next year's Anaheim site will see, if not the highest attendance ever, at least the second. And you can also bet that 80% or more of those who attend will bring their spouse, guest and probably the kids. Why?—Disneyland, Hollywood, San Diego Zoo, Seaworld and, of course, the southern California sun.

It is a fact of life that cities having something extra to offer its tourist trade will do better in attracting conventions such as ours. The more popular the resort area, the larger the crowd. You will also observe that the more popular the resort the less percentage of those CPCUs actually attend the seminars. Also, of those that do attend the various sessions, a good number leave before the session is concluded. Is this because they had to use the rest room, smoke a cigarette, take in some sights, do some shopping, or was the seminar not up to snuff?

I don't know if you could come to any clear-cut conclusion, but it would appear to me that those of us who traditionally attend each year do so for the educational part first and the recreational portion is secondary or an added benefit. Those who go less frequently are likely those who consider it the other way around. There are even some in this last group who will not even attend a single seminar. That is unfortunate and these people obviously do not even consider the educational value and may not even care, for that matter.

Conclusion—there is nothing wrong with having some fun while at a convention. First of all, you need the break and change of pace to cope and stay awake at the various seminars. It is not wrong to have conventions in popular places; after all, we strive for large attendance hopefully generating more participation in the seminars. I would like for each of you to consider the following:

1. Attend as many of the National Meetings as your financial constraints will allow regardless of where they are being held—most of your expenses are still tax deductible, which should be an incentive.

2. Attend the various sessions and make an effort to sit through the entire presentation—it is an embarrassment to the speakers when too many people walk out early. It is also distracting to those who are trying to pay attention. National could also help in this area by improving the quality of the seminars and allowing for a smoking session if possible; there were many complaints in Cincinnati about these two items.

3. If you bring a spouse or guest, let them register and participate in their programs and optional tours. It gives them an opportunity to meet people and have fun without you having to be around. That should encourage, if not force, you to attend a seminar and gives your spouse or guest a break from you.

4. If you go to the convention for a vacation only, stay home and make better use of your money. If your employer pays for your expenses, consider yourself fortunate—but also consider your employer.

I hope as many chapter members as possible attend next year's convention. Take your spouse, guest, children, etc. and plan your stay with and around them. In this way we will best take advantage of what the National Meetings and Seminars should be: Education and Recreation, necessarily in that order.

If any of you have your own thoughts or comments about this or any other issue, please drop me a line c/o The Walsh Co., 1700 Race St., Phila., PA 19103. Remember, this is your *Chaptergram* and I'd like to see some more input from the membership. Why not write an article for publication?

Until next issue, have a happy holiday season and best wishes for a prosperous and healthy 1989.

From the Boardroom

BY: Ron Vogrin, CPCU, Secretary



Ron Vogrin, CPCU
Secretary

I would like to approach this subject without boring you—let me tell you a little about our Board Meetings—that is the Philadelphia Chapter of CPCU Board.

First of all, we meet the third Wednesday of every month—that's a bad day for the golfers.

Secondly, we meet in the PMA Board Room—interestingly, no one on our Board even works at PMA—also notably, they provide the sodas—I know for a fact we don't reimburse them—at least not from the Treasury—maybe there is money passing under the table.

The meetings are scheduled to begin promptly at 4 P.M.—they never start at 4—no one is there—except maybe the President—by 4:10, the meeting is in progress.

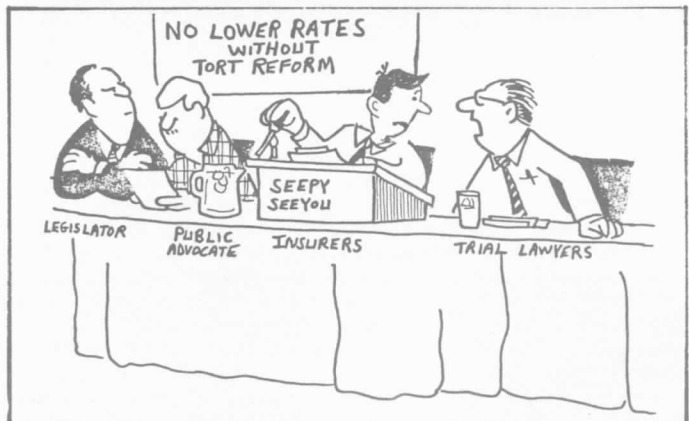
The first order of business is the reading of the Minutes—the Secretary normally spends hours preparing them—then he or she passes them out—no one even reads them or ever refers to them again.

Then, the Treasurer's Report—as you probably are aware, we show a surplus of about \$16,000.00 in our Money Market Account—not bad for a nonprofit organization. I am glad we didn't invest our money in the stock market last October—early October, that is.

Now we come to the real heart of the meeting—the Committee Reports. I have to be careful with this one—but, it's not unusual to hear "Nothing to Report" or "My Committee will be meeting next Monday" or better yet, the same report is given as last month, to which no one ever paid attention.

Finally, we get to the part of the meeting entitled "Any New Business"—that normally gets a discussion going about how to get YOU involved in CPCU—after reading this, I would hope you would think about joining us some third Wednesday of the month—we really have quite a good time.

THE ON-GOING SAGA OF "SEEPY SEEYOU"



"So much for your continued hard market ... would you like me to order a couple of eggs to wear on your face?"



Boyd Bruce, CPCU
National Director

National Director's Corner

GETTING INVOLVED AT THE NATIONAL SOCIETY LEVEL

First, I hope you will all join with me in extending congratulations to Don Cook who has been promoted to Bloomington in Illinois—no, that's not right—it's Bloomington, home office of State Farm. We wish him lots of success and will miss him; so let's try to win one for the Cook in '89.

Second, it's great to be back—even as a retreat. Together we can lead our Chapter to new highs.

You have all heard the word in 1988—"The Society is a chapter- and member-driven organization." If we want to make this come true we need spokespeople. Our voices must be heard. How do we make this come true? By becoming active in Society management at the National level. There is no mystique about national service. The Society does not have a hierarchy from which it picks Committee people. If you have played an active role in your chapter, consider the opportunities open to you at the National level. Your chapter President Ray Lindsey has the necessary applications for National service.

I will be on hand at subsequent Chapter meetings. If you have questions concerning duties, time involvement, and overhead, I'll be glad to discuss them with you. Let's get greater Philadelphia participation in Society affairs—come and sit and deliberate with your fellow Society leaders. Be a part of the 1989 and later national organization. Be a leader.

News from the Candidate Development Committee

BY: Richard A. Banyard, CPCU,
Chairman

The Candidate Development Committee is once again renewing our efforts to reach out to Philadelphia-area insurance employees who are not yet involved in the CPCU program, as well as assisting those who have matriculated in the program, as they make their way through the examination series. Those are the Personal Contact and Personal Sponsor Programs, which our Chapter carries out in conjunction with the Insurance Society of Philadelphia.

Under the auspices of the Personal Contact Campaign, three-member teams of CPCUs visit local agency and company offices to give a presentation, in cooperation with the company's personnel/training department, explaining the CPCU program and its benefits to prospective participants. Fifteen such presentations have been made over the past three years, and the committee is planning to arrange approximately six more visits within the next year. Al Federico is making the contacts through CPCUs in the various offices, and Dr. Mariellen Whalen and her staff at the Insurance Society will again take charge of planning and carrying out the presentations.

The Personal Sponsor program involves matching current CPCU students with CPCUs who can act as sponsors, and provide guidance on how to survive one's trek through the program. The purpose is not for the sponsor to be a tutor, but rather to be available to answer occasional procedural questions, and provide moral support. On this program also, Mariellen and the Insurance Society perform most of the organizational work.

I am pleased to be taking on this new position, especially since such a good foundation has been built in past years for a top-notch candidate development program. The committee welcomes your continuing support of our activities, including the Personal Contact and Personal Sponsor programs.

Looking Back



Karen D. Paleologus, CPCU
Director

It seems like only yesterday that I received my CPCU designation, but it has already been a year since the class of 1987 danced at the Fiesta and enjoyed a rip-roaring rodeo in San Antonio, Texas.

Shortly thereafter, I-Day '87 brought the group back together for local recognition and pride shone in the eyes of our peers. Philadelphia Chapter President Al Federico asked us to become active members, so I joined the Research Committee.

The Spring Social was a 50s bash that I couldn't resist and there I heard that the Philadelphia Chapter was looking for members to join the board. Reluctantly, I threw my hat in the ring, but was very impressed to find that this board is working hard to expand our visibility and professional pride in the CPCU designation.

The Institute and Insurance Society interact with our local Chapter so I joined their staff teaching Intro and Automation. Because they are growing so fast, many CPCUs are graders or teachers.

I've enjoyed writing for the *Chaptergram* and encourage fellow members to submit articles. It has been rewarding and remarkably educational getting involved. We can sure use your help, too!



Some new designees and guests chat at the Chapter's Hospitality suite in Cincinnati.

Improve the Industry: "A Do It Yourself Project"

BY: Bob A. Hedges, CPCU, Chairman, *Careers in Insurance*

You know the insurance industry has a poor public image. But what can you personally do about it?

You and your company need to acquire talented, reliable new employees in the future, but the best students in high school and college are planning on being accountants, financial analysts, lawyers, and other professionals they know about. But what can you do personally to make a difference?

Here's what you can do personally: Participate in the CPCU "Careers in Insurance" program. Tell high school students about careers in our business at a session arranged by the Chapter. Or, at the school where your own children go, at a session arranged by you.

We have from National a fine, full outline you can use for the presentation. And we have a letter you can use to make an appointment at your own school.

What we don't have—yet—is you. Please call and tell us you are available.

Call (215) 646-6047 or (215) 787-8163. If I'm not there, give my wife or secretary (as the case may be) your name, address, and phone number, and say whether you will (1) be writing your local school yourself, (2) be available for presentations at other schools, or (3) both.

"People talking to people" is better than all the advertisements the Society and industry can buy!