



CPCU

PHILADELPHIA CHAPTER
THE SOCIETY OF CHARTERED PROPERTY
& CASUALTY UNDERWRITERS

CHAPTERGRAM

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Peter F. Palestina, CPCU—Editor

MARCH, 1989



Peter C. Raymond, CPCU

A Recap report on PHILLY "I-DAY"— INSURANCE '89 ELECT TO SERVE THE PUBLIC

BY: Peter C. Raymond, CPCU

Those attending Philly I-Day were treated to a provocative opening address presented by Barbara Stewart, President, Stewart Economics. She traced the evolution of a regulated insurance industry. A question and answer session followed her remarks. There were no predictions as to when the current down cycle would end.

The rest of the morning was devoted to three concurrent seminars.

Herb Hildebrand, CPCU, (Regional Vice President, Claims, Colonial Penn Ins. Co.) and Jonathan Drenocky (Asst. V.P., Maryland Cas. Co.) presented statistics on fraud in the Insurance Industry. Company responses to fraud were described and Underwriting criteria advanced.

A packed room heard Diane Berkley, J.D., Pierson, Ball, and Doud, address the issues relating to Company Insolvency. She explored the responsibilities and liabilities of the insolvent carrier, and the roles of the agent, guarantee fund and remaining solvent carriers.

Donald Grimes, Esquire, CPCU, Gibbons, Buckley, Smith, Palmer and Proud, discussed the contractual obligations and responsibilities in agency-company contracts.

The changing relationships between agent and company have dictated the need to replace the handshake with a lengthy written contract. He also looked at the need to coordinate the contract with errors and omissions coverage.

Lunch was followed by presentation of diplomas to 36 new CPCUs. The diplomas were presented by Richard Katten, President Elect, Society of CPCU. He was assisted by Pete Synnott, Executive V.P. of the Society and Mariellen Whelan, President, Insurance Society of Philadelphia. Also honored were those CPCUs who have qualified through the Continuing Professional Development Program.

There were six afternoon Seminars which proved to be very worthwhile.

Mike Mustascio, V.P., Commonwealth Risk Services; Thomas Gaudiosi, Jardine Health Care and Michael Feldman of Jardine, Emmett & Chandler discussed the Impact of Alternative Risk-Bearing Systems on Traditional Carriers. The long-term effect on the business of insurance was talked about.

Three representatives from the Health area focused on chronic illness, particularly AIDs. The role of the employer in testing employees and relaying results came in for considerable discussion. Virginia Risley, RN, MBA, Corporate Director of Nurses, Rohm & Haas Company; Leonard Davis and Rosemary Park, Vice President of Independence Blue Cross were the panelists.



CPCUs in attendance at the I-Day luncheon stand and recite the CPCU charge.



Donald Grimes, Esq., CPCU, making his presentation on agency/company contacts at Philly I-Day.



President Ray Lindsey speaks to new CPCUs at the Chapter's I-Day hospitality suite.

Another two, Patrick Musick, Director, Pa. Ins. Dept., Rob Rucier, V.P., General Accident Ins. Co., and John Cantrill of Leonard and Cantrill concentrated on the affordability and availability of Personal Lines Insurance in Metro Markets. Rates in Philadelphia and the effects of those rates on Insurance Industry image were highlighted.

Two Vice Presidents from Gen. Re, Thomas Elmer and Peter Clauson, looked at stability, trends and the January treaties in the reinsurance market.

Negotiation Skills, including role playing scenarios was ably brought to life by Allen Cross, Esquire (partner, Morgan, Lewis and Backus). The basic Principles of Negotiation were tied to everyday examples.

The sixth seminar was a mock trial demonstrated by Joseph Papalini, Esquire, Howard A. Davis Law Offices. A panel of Trial Attorneys was used to show how an ease is litigated as trial or arbitration.

The primary purpose of Philly I-Day is to establish an opportunity for increased insurance knowledge in the Delaware Valley area. The 1988 Philly I-Day program accomplished this objective.



Society President Elect Rich Katten presenting diplomas to new designees Mike Mee and Barbara Dapolito at I-Day.





Ray Lindsey, CPA, CPCU
President

The President's Corner

The National directors, officers and administrative staff of the Society of CPCU are continually concerned with seeking ways to serve individual members. A few years ago this led to

the establishment of interest sections to enable members to develop programs tailored to their specific areas of responsibility. At the national level, this search for ways and means to serve individual members of the Society continues.

Chapters must also be concerned with members' needs and expectations, and search for ways to meet them. This is particularly true of a large chapter, such as Philadelphia, which has a membership of approximately 500. The larger and more diverse the chapter membership, the more difficult it is to know what benefits or activities members do, and should, expect from membership in the chapter.

Do they expect monthly meetings that keep them abreast of current developments and events in the industry? Our average meeting attendance is 10%-15% of the Chapter membership, and this includes guests.

Do they expect activities to promote CPCU and enhance the recognition of the designation? Our Chapter is doing this through advertising, the fire essay contest, the Franklin Award and other activities.

Do they expect educational programs to improve their knowledge of the industry and their profession? Our Chapter sponsors one or two seminars each year and cosponsors Philly I-Day.

Do they expect opportunities to meet and interact with other CPCUs in a social setting? The attendance at our annual social in the past few years has been minimal, and there is no strong membership sentiment for having one this year.

Although this may sound like a "What are we doing wrong?" question, it is not. Other chapters, particularly large ones, are also concerned with what they can do for their members. Based on meeting, seminar attendance, and other activities our Chapter is performing as well, or better, than most large chapters. The Philadelphia Chapter is one of the outstanding chapters of CPCU. The question is, how can we improve?

Should we establish sub-units of the Chapter and attempt to present multiple programs, similar to the interest sections at the National level? Should we sponsor more seminars, enabling us to cover a wider range of topics? Should we undertake more public relations activities to expand recognition of the CPCU designation and what it represents? Should we have different types of social functions to enable members to meet on an informal basis? Should we be addressing different concerns and planning different activities for the members?

These are not questions solely for your Board and committee members. They are questions that concern all of us as members of the Philadelphia Chapter. If you have any suggestions or comments, please pass them on to me, or any Board member.

M.A.D.D. Selected As Franklin Award Recipient

The Philadelphia Chapter has selected the Mothers Against Drunk Driving to be the recipient of its prestigious Franklin Award. Mothers Against Drunk Driving assists accident victims and their families through counselling and support services and also works to influence legislation dealing with drunk drivers. Mary Branden, president of the local chapter which covers Philadelphia, Montgomery and Bucks Counties, will accept the award at the luncheon planned at The Hershey Hotel on 3/22/89.

The reception will begin at 11:15 A.M. with lunch at noon. A flyer will be sent out toward the end of February.

We are very pleased to have as our special guest speaker, Dr. Richard D. Breslin, President of Drexel University. The topic of Dr. Breslin's talk is "Ethics in the Competitive Environment."

We expect a sellout for the luncheon, so respond early when you receive the flyer.

This year marks the first time that the award will be presented to an organization. In addition to the beautifully engraved crystal vase, the officers and directors of the Philadelphia Chapter have graciously agreed to include a \$500 contribution to M.A.D.D. as part of the award ceremony.

The award committee is very appreciative of the interest shown by the membership and community in general for the excellent nominations received this year.



Art Hanebury, CPCU
2nd Vice President

Program Chairman Reports on Upcoming Meetings

Setting up speakers for our Breakfast Meetings has been very rewarding to me. It has put me in contact with many people, all involved in some way, in making our industry go. The scope of our industry and its effects on all walks of life is, to me mind boggling!

The last three breakfast sessions took us into some of the extremities of our business of being in business. April will be our usual touch on education. We are drawing on the talents of a professor in the MBA program of Salisbury State University to talk on Executive Succession. DATE TO REMEMBER 4/13/89!

In May, Mr. William Munsen, Executive Vice President of the Home Insurance Company will be joining us to discuss "hot" topics seen from his vantage point. DATE TO REMEMBER 5/18/89!

Finally, closing our year, we will deal in the all-important area of Management Information Systems—Decision Making with the Computer. This will also be our 88-89 Business Meeting. DATE TO REMEMBER 6/15/89!

Please keep your eyes and ears peeled as during this period an announcement about the Philadelphia Chapter's Spring Activity will be sent.

I have personally seen many names being placed on the sheets handed out at Breakfast volunteering for a role in our Chapter. The experience for me has been very rewarding and I encourage everyone who has even an ounce of time to get involved.

See you at our next gathering.



It's a bird, it's a plane ... no, it's just Tim Malloy asking a question at I-Day.



Chapter Director Josephine Battisti, CPCU, was the speaker at our November meeting on the topic of fraud and dishonesty.



Some members listening to Josephine Battisti's remarks on incidents of fraud and dishonesty at our November meeting.

HIGHLIGHTS OF CHAPTER'S 5th ANNUAL FIRE SAFETY ESSAY CONTEST

Huge audiences gathered at two public meetings where the awards were presented to this year's winning students by Chapter President Ray Lindsey and Coordinator Pete Palestina. Local newspapers covered both presentations, the first being held at the Council Rock School Board meeting of November 7th, and the second held before the Northampton Township Board of Supervisors on November 9th. State House Representative Roy Reinard also presented proclamations to the students and also entered the Chapter and the students into the State Registry as an acknowledgement for their fine effort in a worthy undertaking.

Posters, charts and pictures accompanied the essays but could not be reproduced here in the Chaptergram. The essays were displayed at the Northampton Administration Building along with the posters through the Christmas/New Year holiday season. The ceremonies at the November 9th meeting were broadcast live over the local cable television community access channel and the Chapter received some nice publicity.

Two of the winning essays are reproduced for your review on the back side.

1ST AND 2ND GRADE LEVEL WINNERS



1st Place—Brian Schneider
Churchville Elementary

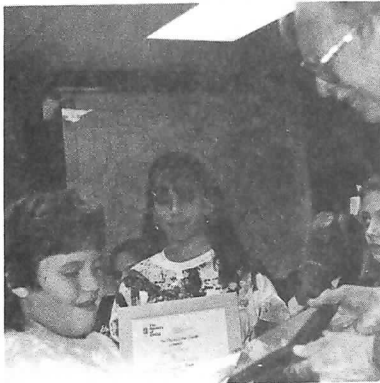


2nd Place—Christan Kelly
Holland Elementary



3rd Place—Alana Goldsmith
Rolling Hills Elementary

3RD AND 4TH GRADE LEVEL WINNERS



1st Place—Susan Primrose
Churchville Elementary



2nd Place—Julie Lachman
Wrightstown Elementary

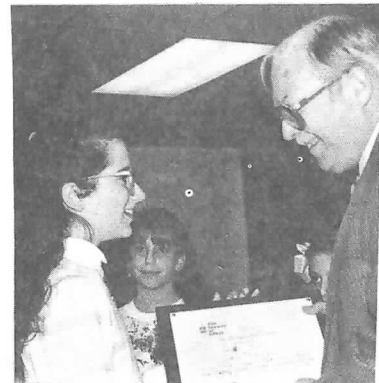


3rd Place—Julie Hershman
Rolling Hills Elementary

5TH AND 6TH GRADE LEVEL WINNERS



1st Place—Donna Primrose
Churchville Elementary



2nd Place—Christie Evangelisto
Rolling Hills Elementary



3rd Place—Tracey Sorens
Rolling Hills Elementary

**1st Place Winner
5th & 6th Grade Category—
DONNA PRIMROSE
Churchville Elementary School**

EDITOR'S NOTE: This essay was accompanied by a poster with a wheel capable of spinning to stop at various categories.

A WHEEL OF PREVENTION

Watch closely as the wheel spins. How well does your house compare with these prevention tips on Fire Safety In The Home. Are you gambling with your house and family, or are you a "smart" and safe contestant of the "Wheel of Prevention"?

Take a spin to see how you do!

First on the wheel is Smoke Detectors. They are fire safety while you sleep. Your house should have one on each level. Have the batteries checked frequently. If the next spin lands on a pink block, it's time to have your fireplace and chimney cleaned. You should only burn wood, not paper. Be sure you don't store ashes, get rid of them in safe containers. Use a protective screen.

You've now spun your way to the kitchen. Cook safely to prevent fires from starting. Never leave the kitchen while you have something on the stove. Turn pot handles in, and watch your sleeves while you cook. Keep appliances clean from grease, and turn them off right after using them, so they won't overheat. If something in your microwave catches fire, shut the door, and push the off button. If you do have a grease fire, smother it with baking soda, never water.

Remember, "The Wheel of Prevention" is for the whole family. Always plan a home fire drill with two ways out. Have a meeting outside, and stay there until all members of your family are safe. You should have fire stickers to spot where children's rooms are. Practice your fire drills with your family a few times a year. You should sleep at night with your doors closed. If there is a fire, check your door; if it's cool, open to check for smoke. Crawl low and get out. If it feels warm, keep the door shut. **DO NOT PANIC!** Exit out another way safely.

Now it's time for the next electrifying spin. Be careful not to overload your outlets. Check all of your cords; if any of them are frayed, get rid of them! If you have fuses, always use the right amps.

You're never too "Young" for the Prevention Wheel! Know the phone numbers of the fire and police. Teach them to your family, in case a fire starts. Keep your emergency stickers near the phone. If there is a fire, get out! Call the fire department from a neighbor's house.

Teach your children to stay away from matches and lighters. Be sure they are out of their reach. Do not put candles on the Christmas tree or window sill or leave lit candles in a room. Keep children, furniture and curtains away from space heaters. Never use gasoline or diesel fuel, only kerosene fuel in a kerosene heater. Before buying a set of lights, look for the firesafety label from a testing laboratory. Replace any worn sets with loose connections.

If you ever get the unlucky spin in life, remember: **Stop** where you are. **Drop** to the ground and **Roll** to smother the flames. Always remember, the Wheel of Prevention works—Not Luck!



Winning students hold their prizes at the Nov. 7th School Board meeting and pose with Ray Lindsey, Pete Palestina, School Board Director Patricia Poprik and Fire Marshall Frank Fenton.



Pete Palestina as Northampton Township Supervisors Chairman honored the winning students at the Nov. 9th Board of Supervisors meeting. Some of the posters and essays were displayed throughout the room.



State Representative Roy Reinard (R) commends Chapter President Ray Lindsey and Coordinator Pete Palestina at the Northampton Public Meeting on the merits of the Fire Safety Essay Contest. Roy presented citations to the winning students.

**1st Place Winner
1st & 2nd Grade Category—
BRIAN SCHNEIDER
Churchville Elementary School**

EDITOR'S NOTE: Each category below was accompanied by a graphic display.

CIGARETTES

Empty ashes from cigarettes into a metal garbage can. Ash trays should never be placed on the arm of a piece of furniture. They should be placed on hard surfaces. Ash trays should be emptied every day. If you don't do that, you could end up having a fire in your house. Don't smoke in bed or when very tired.

FIRES

When there's a fire in your house, your family should know two ways to get out of your house. Do you have an escape route from the top story of your house to the outside? Before you open your door in the bedroom, make sure you feel your door first of all. If your door is hot, make sure you jump out the closest window.

IF YOU'RE ON FIRE

If your clothes are on fire, don't panic! When you are on fire, Stop—Drop—and—Roll! This will cut off the oxygen from the fire and the fire will go out. Remember—don't run if you are on fire!

MATCHES

Never leave matches on fire in your house because it could put your house on fire. Never leave matches at a reachable surface because young children can get the matches. Place the matches at an unreachable surface, so young children can not get to them because the matches will start a fire in your house.

OILY RAGS

Don't keep oily rags in a place where they could create a fire. Keep them in a cover outside. Putting oily rags in your garage is not safe.

OVERLOADED SOCKETS

Do not overload your sockets because they will get too hot. When they get too hot they will create a fire in your house. You should not put more than one plug in each socket. This is one way to prevent a fire.

Treasurer's Report		
as of December 31, 1988		
BY: BRUCE L. KELLY, CPCU, TREASURER		
	1988/89 BUDGETED	YEAR TO DATE ACTUAL
Income	\$32,200	\$3,906
Disbursements	37,750	9,955
(Deficit)/Surplus	\$ (5,550)	\$ (6,049)
CASH BALANCE:		
Checking	\$ 2,590	
Money Market	13,598	
TOTAL	\$16,188	



Peter Palestina
Editor

From the Editor

THERE'S MORE THAN ONE WAY TO SKIN A CAT

It's an editor's dream come true when enough articles are submitted come deadline that his own column can be short. This quarter, my dream came true, so instead of a lecture I'll bring you a little levity with a short story that appeared in the 12/23/85 *Fort Worth Star-Telegram*.

A cigar smoker bought several hundred expensive cigars and had them insured against fire. After he smoked them all, he filed a claim, pointing out that the cigars had been destroyed by fire. The company refused to pay and the man sued. A judge ruled that because the insurance company had agreed to insure the cigars against fire, it was legally responsible, so the company paid the claim. When the man accepted the money, the company had him arrested for arson.

If you have any humorous stories to tell, why not drop me a line c/o The Walsh Co., 1700 Race St., Phila., PA 19103, and we'll see if we can use it in the *Chaptergram*. Until next issue I hope you enjoy this one.



Barbara Stewart, President of Stewart Economics, gave the opening address at I-Day.

News From The Candidate Development Committee

BY: Richard A. Banyard, CPCU
Chairman

The Candidate Development Committee needs to enlist your help in one of our major activities for the year. Through the Personal Contact Campaign, we send two-to-three-member teams of CPCUs to discuss the benefits of the CPCU educational program and Society membership with interested employees of Delaware Valley home offices, branch offices and agencies. Typically, these presentations are made to groups of 20-50 employees during the lunch hour.

The plan is to make the initial contact through a Chapter member in each company, who puts us in contact with the personnel or training department. The Insurance Society of Philadelphia then works with that department to carry out the visit.

We have not made as many contacts as we hoped for 1988-89, and here is where the appeal for help comes in. If your office would be a good candidate for a Personal Contact visit, please call either Al Federico at 215-896-0901, or me at 215-564-6060, and give us a Personnel contact.

This is the Chapter's number-one method of outreach to prospective new candidates, so your cooperation in this effort is especially important.



Barbara Dapolito, CPCU
New Designee Rep.

New Designees Column

BY: Barbara Dapolito, CPCU
New Designee Rep.

Congratulations to all 1988 Philadelphia area CPCU Designees, and a healthy, successful 1989.

I have been able to talk to many of you to introduce myself and explain why the position of New Designee Representative was created. Now is my chance to reach all of you!

I act as a liaison between you and the Chapter's Board, getting their message to you and more important, getting your message regarding your interests and needs to them. For this I need your input.

I am sure that you, like me, were delighted to have successfully completed the exams and earn the CPCU designation; I am certain that we all felt relief that it was over and that some free time might appear in our schedules. We must not lose the momentum that caused us to do more than what was absolutely necessary.

The Philadelphia Chapter of CPCU needs very little of your time to help it spread the word that we are professionals in our industry. Now is the time to put the experience and knowledge that we have gained to use, in our own areas of insurance and also in the wider area of insurance in Philadelphia.

The Chapter also wants to help you achieve the further goals you have set for yourself. There are committees for most interests such as research, underwriting claims, public relations, candidate sponsorship, continuing professional development and many more. Perhaps you have some project in mind that is special to you. The Philadelphia Chapter can help.

If you have any questions, call me at United National Group, 215-981-5140. I will do my best to help and put you in touch with a Board Member.

I hope to see you at the Chapter Breakfast Meetings. The next two are scheduled for 4/13/89 and 5/18/89 at 8 a.m. at the Hershey Hotel. The topics are varied and interesting and the meetings are over before 10 a.m.

I'll be there, so look for me and say hello!

Barbara C. Dapolito
New Designee Representative

P.S. You don't have to be a new designee to contact me for information or input.



National Society President Elect Richard Katten, CPCU (L) and Exec. V.P. Paul Synnott, Jr., CPCU, CLU (R) posing with Chapter President Ray Lindsey, CPCU, CPA, at I-Day.

THE ON-GOING SAGA OF "SEEPY SEEYOU"



"...On the issue of gender-based rating, we've heard everyone's two cents worth except for you, Ms. Libs ... a penny for your thoughts..."



Boyd Bruce, CPCU
National Director

National Director's Corner

SUPPORT YOUR LOHMAN FOUNDATION

It never ceases to amaze me how few of our members are aware of the CPCU-HARRY J. LOHMAN FOUNDATION and what its goals and objectives are. The Lohman Foundation is totally dedicated to furthering insurance education and research. Whether you work for a company, agency, or service-related organization, you can truly say "LOHMAN is my Foundation." LOHMAN provides research grants, doctoral dissertation fellowships, publications, library matching gifts and academic awards for excellence. LOHMAN is nonprofit and 100% of the donations are tax deductible. Not only that, but 100% of our contributions are used for the purposes intended ... they have no bricks, mortar, or ivy halls to support.

Many chapters, and specifically the Philadelphia Chapter, have made multiple gifts as have many individual chapter members. LOHMAN needs the continued support of chapters and individuals in order to continue its work. Individual contributions, in many cases, qualify for matching gifts from employers. Why not start now to support the Foundation that supports our profession?

Membership in the elite "M" Club comes with a ten-year pledge of \$100 per year or \$25 per quarter—a small price to pay when we consider what the insurance profession is doing for us. You can start your ten-year pledge by sending a check for \$25 or \$100 (depending on whether you wish to pay quarterly or annually) and the LOHMAN Foundation will send you the formal pledge card. Remember, it's tax deductible! Send your contributions to "The CPCU—Harry J. Lohman Foundation," Kahler Hall, 720 Providence Rd. (CB #9), Malvern, PA 19355.

The Philadelphia Chapter has always been a leader. Let's keep ahead.



Harold Rivers of S.T. Hudson addresses the members on the subject of large losses at our December meeting.



Chapter members and guests at the December meeting.



Bill Engler, CPCU
P.R. Chairman

December Meeting Recap

LARGE LOSSES— WHO NOTICES THEM?

BY: Bill Engler, CPCU

1. **Presidents of Insurance Companies**—Who immediately request the name of the person in charge of the Claims Department.
2. **Underwriters**—Who wonder where they will be working next.
3. **General Adjusters**—Who immediately cancel all golf outings for the week.

Harold Rivers, Vice President of the Hudson International Development Group shared some of his experiences in handling large losses at the December chapter meeting. Mr. Rivers described, with the assistance of an eyewitness video account, an example of a large loss. A fire and subsequent explosion at a rocket fuel plant in Nevada resulted in an estimated loss of \$60 million for the plant alone, plus \$50 million in business interruption loss to just *one* plant customer.

How does one go about settling a claim of this magnitude?

1. **Screening**—Similar to panning for gold where the small pieces are allowed to fall through the holes and only the larger ones remain. In a large loss, it makes economic sense to concentrate on the largest issues, leaving the smaller ones to find their appropriate place. Proper screening will produce accurate first-hand information which leads to ...
2. **Reserving**—Good screening begets good reserves. The accuracy of the initial reserve is critical to every aspect of the company from underwriting to pricing.
3. **Communication**—Proper communication improves your image with your agents and policyholders. It puts the insureds and claimants at ease, knowing the problem is receiving attention. It helps alleviate legal entanglements. It advises the insured what action is necessary on his part. Avoid derogatory remarks, concentrate on the issues, be prompt, be courteous and BE CORRECT!
4. **Mobilization**—Arrange, schedule, and know your plan of action *before* you commit. Have your consultants lined up to coincide with your arrival. It helps psychologically to arrive first. Arrange the best legal counsel available. Alert your support claims personnel.
5. **Plan for contingencies**—Anticipate the worst and hope for the best.
6. **Investigation**—Investigations are not directed solely at suspicious claims. You may develop information which will indicate the insurance contract does not apply. The investigation of technical criteria may produce a recovery of your payment through subrogation.
7. **Use of consultants**—Decide early. Choose one with experience and expertise.
8. **Evaluation**—There are no formulas in the evaluation process because there are no constants. There are no rights or wrongs, but there are reasonable value ranges.
9. **Negotiations**—A skill developed through practice.



Chapter officers and directors conducted their board meeting after the December breakfast meeting. Chapter members interested in getting involved on various committees were invited to attend and participate.