



CPCU

PHILADELPHIA CHAPTER
THE SOCIETY OF CHARTERED PROPERTY
& CASUALTY UNDERWRITERS

CHAPTERGRAM

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Peter F. Palestina, CPCU-Editor

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Gordy Heile, ARM, Receives Franklin Award

By: Ed McAndrews, CPCU
Chairman, PR Committee

On March 8, 1990, H. Gordon Heile, ARM, Director of Risk Management, Asplundh Tree Expert Company, was inducted into the pantheon of distinguished insurance professionals to receive the prestigious Franklin Award presented by the Philadelphia Chapter of CPCU. This, the eighth annual award, was presented at a special luncheon in his honor at the Hershey Hotel. In attendance were many prominent members of the local and national insurance community, as well as his family and fellow professionals, to recognize Gordy for many years of dedicated service to the insurance industry in the Delaware Valley.

The award was presented by Joe McNasby, President of the Philadelphia Chapter of CPCU. In making the presentation, Joe pointed out that one of the key qualities brought out in the nomination for Gordy was his willingness to provide guidance and mentorship to younger, less experienced risk managers. One statement sums up his contribution: "Mr. Heile has devoted his entire professional career to raising the standards of professionalism in the field of Insurance and Risk Management."

Gordy Heile's career has spanned the period of development of the professional Risk Manager and he has played a leading role in our community in the education and training of people interested in pursuing Risk Management as a specialized field.

Gordy received his BS degree from the Wharton School of the University of Pennsylvania and pursued graduate studies at Temple University. In 1950, he began his career at Scott Paper in the area of statistical accounting and in 1959 he was named Assistant Insurance Manager. In 1973, he moved to ITE Imperial Corp. as Insurance Manager. In 1976, he joined the Wilder Christian Insurance Agency and in 1978 he started with Asplundh as Director of Risk Management.

He received his Associate in Risk Management designation with the first group of designees in 1967. From 1985 to the present, he has been the Education and Program Chairman of the Delaware Valley Chapter of the Risk and Insurance Management Society. He was the President of that group in 1967 and has served on the Board of Directors for a total of 15 years. He has also been a member of the National Board of Directors and has been a moderator or speaker at the annual RIMS conference for the past eight years.

Gordy has served two terms on the Board of Directors of the Insurance Society of Philadelphia and has been a lecturer at both Temple University and the University of Pennsylvania. He has been a speaker and moderator and has been a member of the Program Committee of Philly "I" Day for the past ten years.

In 1989, Gordy was Chairman of the Philadelphia Manager's Association where he has been a member for 18 years. He has worked on the Insurance Committees of the Machinery and Allied Products Institute as well as the American Paper Institute.

In accepting the award, Gordy expressed his appreciation to those who have helped him in his career and to one person in particular, Bob Young, retired Risk Manager of Scott Paper Company with whom he worked closely for 14 years beginning in 1959. Also receiving special thanks were his wife, Jean, and his co-workers at the Asplundh Tree Expert Company.

Following the award ceremony, Ronald W. Stasch, CPCU, ARM, President of RIMS, added his remarks in acknowledgment of Gordy Heile's accomplishments to the world of risk management. Ron also gave us a view of where RIMS is headed in the future and of the developing international character of Risk Management as an important area of specialization.

Our thanks to many special guests for attending this event including Pete Synott, Jr., Executive Vice President, Society of CPCU, Mariellen Whelan, Ph.D., President, Insurance Society of Philadelphia, and Norman Baglini, President of the American Institute for Property & Casualty Underwriters.



President Joe McNasby, CPCU (R) Presents the 1990 "Franklin Award" to Gordy Heile, ARM.



Gordy and wife Jean pose with the Franklin Award.



Ronald W. Stasch, CPCU, ARM, President of RIMS was the keynote speaker at the Franklin Award.



Gordy Heile addresses the audience after receiving the Franklin Award.



Joseph M. McNasby, CPCU
President

The President's Corner

THANKS TO ALL

It is hard to believe but as you read this article, I'll be at the very end of my term as President of the Philadelphia Chapter.

I want to take this opportunity to personally thank each and every member of the Board of Directors and each and every person who worked on one of the Committees during the past year. It has been a real pleasure to have the opportunity to work with such dedicated people.

Years ago when I first became involved in this CPCU Chapter, survival was based on the dedicated efforts of just a hand full of people. Getting interested people to work on Committee activities was next to impossible.

Somewhere along the line, people saw the value of becoming involved in Chapter activities and as the quality of the activities improved, more and more people wanted to get involved.

The result of the increased interest and dedication has led to a wide range of activities which are now sponsored by the Chapter.

The Chapter sponsors a Careers in Insurance Program where Committee members actually go into high schools and discuss insurance as a potential career. The Chapter sponsors a Fire Essay contest where grade school children in one district are encouraged to write an essay on fire prevention. Our Chapter has been very involved in what are called Personal Contact Campaigns wherein a group of three CPCUs go into an insurance company or agency and discuss with their personnel some personal experiences in their obtaining their CPCU.

Once you have been exposed to the success of these programs, you start to realize just how much more can be done. With this in mind, even though my term as President of the Chapter is drawing to an end, I certainly look forward to continued involvement in the many worthwhile programs.

I strongly urge each of you to talk with the Board of Directors or with any of the people who served on the various Committees and get a first-hand feel for the pride that they have as a result of their efforts.

Again, my sincere thanks to a great group of people and I can only hope that all future Presidents have the opportunity to work with an equally dedicated crew.

Chapter's Annual Business Meeting Slated For June 14th - Educational Requirements for PA Agents Licensing To Be Discussed.

The Chapter's Annual Business Meeting will be held on Thursday, June 14th at the Hershey Hotel, 8:00 A.M. After the Buffet Breakfast, Ken Wolensky, Director of Bureau Licensing and Financial Analysis for the PA Insurance Department, will be the keynote speaker on the topic "Satisfying Educational Requirements for Pennsylvania Agents Licensing".

The new officers and directors for the upcoming chapter year will be sworn in at the meeting.

Chapter members are encouraged to attend this last meeting of the chapter's fiscal year which ends June 30.

National Director's Corner



Robert M. Campbell, CPCU
National Director

HIGHLIGHTS OF THE NATIONAL SOCIETY'S MARCH, 1990 BOARD OF DIRECTORS MEETING

HIGHLIGHTS OF THE BOARD OF DIRECTORS MEETING March, 17, 1990

The Society's Board of Directors met on Saturday, March 17, 1990 during the Mid-Year Meeting held at the Intercontinental Hotel in New Orleans, Louisiana.

During the board meeting, President Katten announced that the Society will be sponsoring a teleconference on June 6, 1990, originating in Washington, DC, on the subject of Loss Cost Rating System and its effect on the industry. President Katten will moderate the panel with representatives from ISO, a brokerage association and actuarial firm. It is scheduled to be three hours in length and will begin at 1:00 p.m. eastern standard time. This project will add to the visibility of the Society, promote continuing education and provide the Society's chapters with an opportunity for financial remuneration based on the per capita registration in their area.

Continuing education workshop attendance is up by about 20 percent over the previous year. The OSCAR visits begun by the Membership & Chapter Activities Department have received positive response. Further feedback will be forwarded to the Chapter Affairs Committee during the Annual Meeting in Washington, DC.

The Nominating Committee's report was given by Immediate Past President, Jerry Stephens for Chairman Folsom. The following nomination were announced:

- President - Elect - Jerrol L. Harris
- Vice President - Edwin L. Overmyer
- Secretary-Treasurer - Roger L. Smith

East Central Region Directors:

- Blake C. Anderson
- Hugh B. McGowan
- M. Kenneth McGreevy

President-Elect Steve Paris announced the Regional Vice Presidents nominations as follows:

- Northeast Region - Paul E. Felsen
- North Central Region - Paul F. Mahaffey, Jr.
- East Central Region - Paul A. Sullivan, Jr.
- Southeast Region - Jay W. Oppenheim
- South Central Region - J. Robert Batterson, CPCU
- West Region - Robert E. Lewis

The Executive Committee requested the board to approve the title change of staff directors to vice president, followed by the name of the department. This change was requested because it has become the norm in trade associations and organizations for second level staff, will provide officers recognition by their peers, and advise other organizations of their status. The motion was moved, seconded and carried.

President Katten noted that the size of the new designee class expected for 1990 indicates the meeting in Washington, DC will approach the size of the Anaheim meeting. The board was urged to encourage chapter support of the Annual Meeting.

The Annual Meetings in Washington, DC will be great!

TRY IT, YOU'LL LIKE IT!

News From The Candidate Development Committee



Frank J. Mason, Jr., CPCU

I would like to briefly describe the activity of the Candidate Development Committee in 1989-1990.

The Candidate Development Committee's main task is to work within the community of Philadelphia to get as many people involved in the CPCU Program as possible and once they are involved, assist prospective CPCU Candidates on their long journey through the CPCU Program.

At our April Breakfast Meeting, we presented our Personal Sponsorship Awards. The Personal Sponsorship Award recognized those individuals who have lent support and encouragement to the 1989 CPCU Designees. Personal Sponsors play an essential role in assisting CPCU Candidates operating as their mentors by making time available to answer any questions, assist in course selection, and most importantly, give morale support and guidance as the prospective CPCU Candidate embarks on the long journey through the CPCU Program. The following are the recipients of the 1990 Personal Sponsorship Award:

1. Richard Robert Brown, CPCU, ARM
2. J. A. Caron, CPCU
3. William W. Engler, CPCU
4. Anne M. Kopanski, CPCU
5. Louis N. Potenza, CPCU
6. Howard Bruce Rogosa, CPCU

We are pleased to announce that we have sponsored 55 prospective CPCU Candidates through the Personal Sponsorship Program this year. At our April Breakfast Meeting, we personally recognized all the individuals who served as Personal Sponsors in the Personal Sponsorship Program in 1989-90.

In addition, the Candidate Development Committee has completed 7 Personal Contact Programs and plans to complete 2 more by June of 1990. The Personal Contact Program is the Society's major out reach Program to encourage prospective CPCUs to enroll in the Program. The Program consists of three team members of CPCU coordinated by the Insurance Society to present the CPCU and its advantages to large employers throughout the Philadelphia community. We are pleased to announce the following Corporate sponsors for 1990:

1. Rollins Burdick Hunter of Pennsylvania
2. Argonaut Insurance Company
3. CIGNA Corporation (They have sponsored 2 Personal Contact Meetings)
4. Zurich American Insurance Group
5. Marsh and McLennan
6. Alexander and Alexander

The average attendance of a Personal Contact Program has been over 30 people and we have received feedback from the Insurance Society of Philadelphia that we have reached many people who participated in the program based on their enrollment in CPCU classes.

We invite any CPCUs to donate their time to work on the Candidate Development Committee to assist in the promotion of the Personal Sponsorship Program or the Personal Contact Program. We also encourage any CPCU who would like to sponsor a Personal Contact Program with their colleagues or employees to contact me to establish such a program in your workplace.

The Candidate Development Committee thanks the Community of Philadelphia and the Philadelphia Chapter of CPCU in helping to make this a most rewarding year for the Committee.

THE CHAPTER COMMITTEE CHAIRPERSONS PICTURED BELOW SPOKE TO RECENT COMPLETERS AND NEW CPCUs AFTER OUR APRIL 12th BREAKFAST MEETING ENCOURAGING THEM TO VOLUNTEER FOR CHAPTER ACTIVITIES. ANY CHAPTER MEMBER MAY CONTACT CHAIRPERSONS AT THE PHONE NUMBER SHOWN BELOW THEIR NAMES TO EXPRESS INTEREST OR ASK QUESTIONS.



*Frank Mason, Jr., CPCU
Candidate Development
567-6300*



*Bob Hedges, Ph.D., CPCU, CLU
Careers In Insurance
646-6047*



*T.C. McDonnell, CPCU
New Designee Representative
523-5043*



*Karen Paleologus, CPCU
Research
564-2800 (Until 7/11/90)
834-1410 (After 7/11/90)*



*Josephine Battisti, CPCU
Franklin Award Search
560-2630*



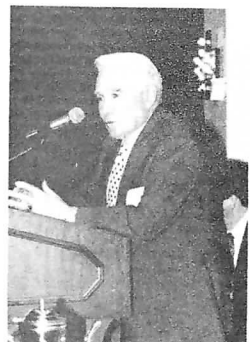
*Pete Palestina, CPCU
Chaptergram and Fire
Safety Essay Contest
564-2800 (Until 7/11/90)
834-1410 (After 7/11/90)*



*Elayne Markey, CPCU
Continuing Education
And Chapter Awards
884-2443*



*Ed McAndrews, CPCU
Public Relations
923-7722*



*Jack Derrickson, CPCU
Chapter Membership
566-8217*

OTHER COMMITTEE CHAIRPERSONS & PHONE NOS. ARE:

*Seminars & Directory
Larry Klein, CPCU
665-9500*

*Programs
Ed Kostyk, CPCU
963-7700*

*I-Day
Terry Carlin, CPCU
864-5600*

*Chapter Resources
Ben Getchel, CPCU
592-5050*

*Speakers Bureau
Charles Willmann
Until 7/11/90 564-2800
After 7/11/90 834-1410*



*Art Hanebury, CPCU
1st Vice President*

A Salute To Franklin Award Recipients

It is wonderful to know that the Franklin Award has grown in prestige since its conception many years ago. This is mostly due to the caliber of the recipient of the Franklin Award. It would be appropriate, therefore, to recognize those people who have received this award:

- 1983 Ed Overman, CPCU
- 1984 Mariellen Whelan
- 1985 Thomas Finley
- 1986 George Head, CPCU
- 1987 John Topeleski, CPCU
- 1988 Gene Fidel
- 1989 MADD
- 1990 H. Gordon Heile

I would like to take this opportunity to thank very much, Jo Battisti and Phil Spinelli for their acting as chairpersons for the Nomination Committee and Selection Committee respectively. I hope they will continue in those areas in the future.

Based on nominations received there are many deserving people still waiting in the wings to receive this prestigious award. We are looking forward to the opportunity to recognize these individuals.



Society Executive Vice President Pete Synott, CPCU (R) Congratulates Gordy on receiving the Franklin Award.



Co-workers of Gordy from Asplundh Tree Experts, Inc. were on hand for the Franklin Award ceremonies.

Gordy Says "Thank You"

THE FOLLOWING LETTER WAS RECEIVED BY
PRESIDENT MC NASBY FROM GORDY HEILE
AND WE WOULD LIKE TO SHARE IT WITH YOU.

March 12, 1990

Mr. Joseph McNasby
Rollins Burdick Hunter
756 Public Ledger Building
Philadelphia, PA 19106

Dear Joe,

Please accept my thanks to you and express my appreciation to the Philadelphia Chapter of the Society of CPCU for making March 8, 1990 a most memorable day for me. It is difficult to express the many personal feelings I experienced from the January 9, telephone call from Phil Spinelli, through the March 8, presentation of The Franklin Award. In retrospect, I am left with profound humility, great personal satisfaction and deep gratitude.

I believe that the purpose, the method of selection and the professional handling of all the details of the presentation combine to make The Franklin Award a premier project of the Philadelphia Chapter of CPCU by which the insurance industry in the Delaware Valley is well served.

Sincerely,

H. Gordon Heile

I Don't Have Any Time

By: Josephine Battisti, CPCU

At our April Breakfast Meeting, Pete Palestina attempted to embarrass me into writing a column for the Chaptergram - so I had to explain: The Tuesday before I had spoken to the Philadelphia Loss Conference at the Downtown Club.

After this meeting I have to dash back to the office to complete my weekly report so I would be able to leave a little early for my trip upstate (Pittston) to be with my family over the Easter Holiday.

On Friday, the 27th of April I will be (wo)manning a table in the Gallery representing the Insurance Department as a participant in the National Consumers Work Consumer Information Fair.

On May 2nd and 3rd I will be attending an auto seminar in Harrisburg and then must drive back upstate on the 3rd for a surprise dinner party being given by the Officers and Directors of The First Eastern Bank of Wilkes-Barre for Dad's 70th (yes, seventieth) anniversary in the banking business.

Back to Drexel Hill on the 6th to repack and, once again, a trip on the Turnpike for another surprise party for Dad - this being given by the employees (I sure wish they'd get together).

June 1st & 2nd it's to Carlisle for nephew #1's graduation from Dickinson Law School. Immediately after the ceremony on Saturday it's back to the hometown - niece #1 graduates from Scranton Prep followed by a triple party on Sunday which will also include celebrating nephew #2's graduation from Penn State.

June 7th is a presentation on the new Auto Reform Law to the CPCU Society in Bryn Mawr (I sure hope I learn enough on 5/2 & 3 to answer their questions).

Back to Pittston on June 14th for niece #2's graduation from 8th grade (She's my Godchild, you know).

June 28th calls for another Auto Reform presentation.

But, of course, we must fit in a couple of CPCU Breakfasts and Chapter meeting in between!

Without a doubt, somewhere during the Turnpike trips will come additional assignments from the Commissioner's office - Auto Reform has put a zip into our lives!

So you see Pete, this is the reason I DON'T HAVE TIME to write a column for you.



T.C. McDonnell, CPCU
New Designee Rep.

New Designees Column

BECOME INVOLVED IN COMMITTEES

We had our April Breakfast Meeting on April 12th and I was very pleased to see so many of the 1989 New Designees in attendance. My estimate is that

about 22 of us were there. Unfortunately, the meeting went rather long and many of you were unable to stay for the committee presentations. Karen Paleologus had brought a good number of copies of the committee descriptions with her and they were sitting on the registration table. A list of our chapter officers and committee chairpeople was also there. I hope that those of you that were unable to stay did pick up a copy of these materials. If you didn't get a copy and would like one, please contact me at (215) 523-5043 and I'll see that you get one.

One of the questions that I'm most often asked is how to get to meet more of my fellow CPCUs. I go to meetings and it is very difficult to meet new people. An easy way to accomplish your personal net-working would be to become involved in a committee. I've met a lot of them and can assure you that they are not only "insurance professionals" in the true sense of the words, but they are very "neat people". At any rate, we'll probably be communicating on the issue of committees at a later date.

Another interesting fact came out at the April Breakfast Meeting. It seems that 25 people, that have declared an interest in affiliating with our chapter, have completed their final CPCU exam in the January 1990 testing cycle. I'd like to see some of the 1989 New Designees link up with these people and welcome them aboard, I'm looking for a few good volunteers. If you are interested, please drop me a note at: T.C. McDonnell, ARM, CPCU, Cigna LCS-12T, 1600 Arch Street, Philadelphia, PA 19103.

Looking forward to your increased participation.

Thank you.



Some of the completers of six or more CPCU parts stand to be recognized at our April 12th meeting.

SOCIETY OFFERS "CPCU UPDATES" FOR VETERAN CPCUS

Malvern, Pa - Educational workshops designed to help keep veteran CPCUs as current as new CPCU designees on a wide range of insurance industry issues are being offered by The Society of CPCU and cosponsored by chapters across the United States.

Called 'CPCU Updates', these educational programs "provide CPCUs who received their designation a number of years ago with all of the relevant, technical information that continually emerges in our rapidly changing industry," said Cynthia R. Ziegler, CPCU, director of the Society's Continuing Education Department.

One half-day 'CPCU Update' workshops are followed by 45 minute optional short essay exams which are graded by experienced CPCU exam graders. CPCUs who complete the exams receive 10 Section A credits toward the 100 points required for achieving qualifier status in the Continuing Professional Development (CPD) Program.

'CPCU Updates' are also open to all interested non-CPCUs, and will be submitted for three credits each to all states with continuing education laws for licensed agents or brokers.

The Society selects the workshop topics and administers the programs. The American Institute for Property and Liability Underwriters (AIPLU) provides study materials as well as develops and grades the exams.

The two topics being offered each semester over the next two years are "Professional Liability Exposures and Their Treatment;" and "Business Income Exposures and Their Treatment." Study materials are based on the textbooks and course guides from CPCU parts 4 and 3 respectively.

For further information about 'CPCU Updates,' contact the Continuing Education Department at The Society of CPCU, (215) 251-2734, or Fax: (215) 251-2761.

Philadelphia Chapter Members Presently Qualified for CPD

Congratulations to the 98 Chapter members who currently are qualified for the Continuing Professional Development credit (CPD). A reminder for those members shown qualified thru 1990, that they should plan on requalifying prior to the end of 1990. The list is as of April 5, 1990.

Name	Qualified Thru	Name	Qualified Thru
Baglini, Norman A	31-DEC-92	Kochel, John D	31-DEC-92
Barber, Russell C	31-DEC-91	Kopanski, Anne M	31-DEC-91
Beckman, Arthur F	31-DEC-90	Levy, Edward A	31-DEC-92
Bleiler, Robert E	31-DEC-90	Liberati, Robert James	31-DEC-92
Bruce, Boyd	31-DEC-92	Macko, Theresa Kline	31-DEC-92
Burton, Renell Dennis	31-DEC-91	Malloy, Timothy J	31-DEC-92
Butterworth, Walter G	31-DEC-90	Markey, Elayne	31-DEC-92
Christian, Michael B	31-DEC-91	Mather, Paul Lester	31-DEC-92
Conway Jr, Thomas J	31-DEC-91	McCarthy, Michael J	31-DEC-92
Costello, Eileen Marie	31-DEC-90	McNasby, Joseph M	31-DEC-92
Crowe, Robert M	31-DEC-90	McNichol, Kathleen S	31-DEC-91
Cucinotta, John Paul	31-DEC-92	Mella, Arthur J	31-DEC-90
Dapolito, Barbara	31-DEC-92	Menne, Terrie Morrison	31-DEC-91
Derrickson, Jack F	31-DEC-91	Milliman, Cynthia J	31-DEC-92
Diem, John S	31-DEC-91	Morrison, John C	31-DEC-91
Edwards, Donald E	31-DEC-91	Neri, Douglas Richard	31-DEC-92
Egan, Patrick Michael	31-DEC-92	O'Connor, Constance M	31-DEC-92
Engelke, Kevin R	31-DEC-91	Oakes, Donald R	31-DEC-92
Federico Jr, Albert P	31-DEC-90	Oутten, Ellen B	31-DEC-91
Filer, David Sheppard	31-DEC-91	Paleologus, Karen D	31-DEC-91
Finn, Charles Francis	31-DEC-91	Palestina, Peter F	31-DEC-92
Flannery, Thomas J	31-DEC-90	Pavlin, Teresa A	31-DEC-92
Forchetti, Richard E	31-DEC-91	Pote, Robert Walter	31-DEC-91
Francis Jr, James B	31-DEC-92	Preis, Francis J	31-DEC-90
Galbraith, Ruth E	31-DEC-92	Price, Ronald Lee	31-DEC-90
Gannon III, James A	31-DEC-91	Raymond, Peter C	31-DEC-91
Gant, Kenneth R	31-DEC-92	Richie, Roy J	31-DEC-90
Garrett, Joseph F	31-DEC-91	Sandner, Reid B	31-DEC-90
Georg, James C	31-DEC-91	Seltzer, Robert S	31-DEC-91
Gibbons, Robert J	31-DEC-92	Sgobbo, Anthony J	31-DEC-92
Grimes, Donald Melvin	31-DEC-92	Sherlock, James A	31-DEC-92
Gruender, Philip A	31-DEC-90	Sigel Jr, Louis P	31-DEC-91
Hanebury, Arthur C	31-DEC-92	Sigel, Eric C	31-DEC-91
Hanebury, Rita N	31-DEC-92	Sippel, Erich William	31-DEC-91
Hedges, Robert A	31-DEC-90	Slavens, James I	31-DEC-92
Higgins, Joseph M	31-DEC-92	Smith, John W	31-DEC-91
Hodosh PhD JD, FR	31-DEC-90	Spanfeller, Robert Bruce	31-DEC-91
Hutchin, James W	31-DEC-92	Spinelli, Philip N	31-DEC-91
Junfola, Joseph M	31-DEC-91	Stifnagle, William D	31-DEC-92
Kang, Pius M	31-DEC-91	Sweeney, W Michael	31-DEC-91
Kaplan, Keith E	31-DEC-91	Thackray, Eugene Francis	31-DEC-92
Keller, Kathleen Finn	31-DEC-92	Topoleski, John	31-DEC-91
Kelly, Bruce L	31-DEC-92	Vogrin, Ronald Ernest	31-DEC-92
Kelly, John Joseph	31-DEC-91	Vohs, William J	31-DEC-92
Kelly, Thomas P	31-DEC-92	Ward, Leon C	31-DEC-91
Kessler, Renee Bodoff	31-DEC-91	Wauhup, Iles W	31-DEC-92
King, Edward A H	31-DEC-92	White, Ralph M	31-DEC-92
Kirk, William Francis	31-DEC-91	Wilson, Gary J	31-DEC-92
Klein, Larry Lee	31-DEC-92	Woodward, Albert Parker	31-DEC-90

February Meeting Recap (CPCU/RIMS)

CASH FLOW PROGRAMS IN THE 1990's

We were very fortunate to have as our speaker for the February Breakfast Meeting an experienced Risk Management Consultant with a background of 18 years in the design and handling of cash flow underwriting programs dating to their inception in the early 1970's. R. Jane Hill is a mathematician by training and is a Senior Vice President and Director of Sedgwick James, Inc., Nashville, Tennessee.

"Cash-Flow Programs" can be defined as loss-sensitive risk funding programs which use a licensed insurance carrier to issue policies and allow the insured to benefit from significant cash-flow advantages. These advantages result from either partial or total premium deferrals for that portion of the premium which is used to fund loss reserves and can provide benefits to an insured similar to those of self-insurance.

Such programs are commonly referred to under several different names including: Paid Loss Retros, Cash Collateral Plans, Retro note Plans and others depending on the carrier. No matter how the program is structured, there are three basic issues to consider: Cost, Services and Risk.

The total cost of a cash-flow option is normally calculated by combining the cost of retained losses (up to some specific per-claim or aggregate level) and certain non-loss costs, such as those involving "fronting" and pure insurance. Non-loss costs, such as those involving "fronting" and pure insurance. Non-loss costs also include state premium taxes, cost of residual markets, state guarantee funds, joint underwriting associations or other state charges, claim handling costs and broker commission and other risk-servicing fees.

When these costs are added to the expected cost of retained losses, we can compare the cash-flow program cost to that of alternate funding devices. The time value of the cash deferred should also be recognized through a present-value analysis of its cost before and after tax. Overall, cash-flow programs are beneficial only if the value of the cash deferral is greater than the credit an insurer would provide if the insurer held on to an organization's reserves.

In general, cash-flow programs have largely met the expectations of organizations using them and a number of insurers have "unbundled" their services in order to attract this growing market. However, two serious problems stand out as issues causing increasing concern.

First is the problem of the recent spiraling of costs for involuntary (residual) markets and other state charges levied against licensed insurers. These charges, in turn, are often passed on to the consumer using admitted carriers in their program. Insurance company insolvencies and related assessments have dramatically increased costs, especially in the Worker's Compensation line.

The second problem relates to collateralization. The restructuring of corporate America of late has led to mountainous levels of debt. Cash-flow programs add to this debt in their requirement for letters of credit, or other forms of liquid security, to provide for the ever growing buildup in loss reserves. Organizations may impair their ability to borrow needed funds if their losses are too large relative to their working capital requirements.

Finally, a real concern exists regarding the selection of service providers and the ability of fronting carriers and other vendors to work along smoothly with risk managers. Issues include responsibility for selecting claim service organizations, monitoring their work, and delegating levels of settlement and reserve setting authority.

Risk retention levels often rise and fall with the insurance market pricing mechanism. But the issue of how much risk to retain is a critical one and should always be in accord with an organization's own financial objectives and attitude toward risk.

For cash-flow programs to continue to develop in the new decade, they must adapt to increasing consumer demand for flexibility and quality of service as well as demand for cost-efficient funding vehicles. With almost twenty years of experience as a guide, we can see that there will continue to be a steady evolution to accommodate the challenges of the 90's.



Ed McAndrews, CPCU
Public Relations Chairman



CPCU Visibility-
It Begins with You

USE YOUR DESIGNATION

The code of professional ethics stipulates that "A CPCU shall use the CPCU designation and the CPCU key only in accordance with guidelines".

Here are some suggestions taken from the chapter officer's guide:

Wear your CPCU suit lapel pin, tie tack, ring, etc.

Use after holder's name on:

- Business Cards
- Stationery
- Office Advertising
- Signed articles / publications
- Business & professional listings
- Telephone listings

(Except as part of logo or corporate name)

Reproduce key in actual or smaller size and use on business card or stationery for your personal use.

Include it in press releases, especially ones announcing your firm's new CPCU designees, speaking engagements, and other events involving CPCUs. (No soliciting, please)

Congratulation publications, or advertisements

Announcement cards and many other items showing off your CPCU key are available from the National Society in Malvern, Pa. If you have any questions regarding acceptable use, please contact the Board of Ethical Inquiry.



R. Jane Hill, Sr. VP., Sedgwick James, Inc., Nashville, TN was the speaker at our February Meeting with RIMS.



Some of the CPCUs and Risk Managers learning the latest on cash flow programs at our joint RIMS | CPCU February Meeting.



Some of the large audience at our April 12th Meeting.



Peter Palestina, CPCU
Editor

From The Editor

THOSE OLDIES BUT GOODIES

I was originally thinking of writing something topical like "Loss costs or lost cause" but I decided to put that topic on hold for a future column. Instead, since it is spring and the summer months are just

ahead, I decided to devote this column to some levity. For all you baby boom CPCUs, here is a selection of some oldies but goodies, with a play on recording artists, tailored to our industry. I dreamed these up myself, so don't be too critical. On the other hand, if you can do better, or if you would like to send some selections to me, please do so and we will publish them in future issues. Meanwhile, until the September issue, I hope you enjoy this Chaptergram and the summer - stay cool and keep up with the industry changes.

- RUN AROUND SUE - THE TRIAL LAWYERS
- A MILLION TO ONE - THE ACTUARIES
- DIAMONDS AND PEARLS - THE FLOATERS
- COULD THIS BE MAGIC - THE DISAPPEARING DEDUCTIBLES
- RUNAWAY - THE INFLATION GUARDS
- LET THE GOOD TIMES ROLL - THE RATE INCREASES
- THE CLOSER YOU ARE - THE FIREWALLS
- I WANNA BE AROUND TO PICK UP THE PIECES - THE SALVAGERS
- SURRENDER - THE CASH VALUES
- JUST IN TIME - THE DUE DATES
- ON THE STREET WHERE YOU LIVE - THE REDLINERS
- CRY - THE UNCOVEREDS
- SHA BOOM - THE BOILER & MACHINERIES
- KNOCK ON WOOD - THE NON-COMBUSTIBLES
- TELL ME WHY - VITO & THE DECLINATIONS
- IT'S NOW OR NEVER -- THE DEADLINES
- OLDE MAN RIVER - THE FLOOD ZONES
- PLEASE MISTER POSTMAN - THE FEDERAL EXPRESS
- WHILE WALKING - THE TRIP & FALLS
- WHERE OR WHEN - THE DECLARATIONS
- UP ON THE ROOF - THE PARAPETS
- THE TWIST - THE EXCLUSIONS
- MAYBE YOU'LL BE THERE - THE ADJUSTERS
- PLEASE RELEASE ME - THE WAIVERS
- MAYBE BABY - THE RESERVATION OF RIGHTS
- SHARING - THE PRO RATERS
- LOVE ME OR LEAVE ME - THE SHORT RATERS
- ONE TWO THREE - RATERS IN GENERAL
- GEE WHIZ - THE SIMPLIFIED POLICIES
- THAT'S WHY I'M LEAVIN IT UP TO YOU - THE BENEFICIARIES
- ALONE - THE SELF INSURERS
- ALL IN TOGETHER - THE RISK RETENTION GROUPS
- LIGHT MY FIRE - THE EXTINGUISHERS
- BIG GIRLS DON'T CRY - THE UNISEX RATERS
- STAY - THE PRICE CUTTERS
- THERE'LL BE SOME CHANGES MADE - THE ENDORSEMENTS
- CAN'T DO NO MORE - THE CAPACITIES
- SITTIN ON THE DOCK OF THE BAY - THE USLHW'S
- AGAIN - THE RETROS
- TEA FOR TWO - THE COINSURERS
- RAINDROPS KEEP FALLIN ON MY HEAD - THE UMBRELLAS
- THAT'S IT, BABY I QUIT - THE AGGREGATES
- YOU BELONG TO ME - THE CLAIMS MADES
- LET ME IN - THE REINSURER
- WHEN WE GET MARRIED - THE FIDELITY BONDS
- IT'S A TURN DOWN DAY - THE UNDERWRITERS
- I GOT YOU BABE - THE ESTOPPELS
- WHAT KIND OF FOOL AM I - THE E & O'S
- UNCHAINED MELODY - THE PROXIMATE CAUSES
- HI LILLY HI LO - THE DEBITS & CREDITS
- TIME IS ON MY SIDE - THE ANNUITIES
- IT'S YOU THAT I NEED - THE COSIGNERS
- I'LL BE SEEING YOU - THE CANCELLATIONS
- TIC TIC TOC - THE TIME ELEMENTS
- COME A LITTLE BIT CLOSER - THE APPRAISALS
- YOU DON'T OWN ME - THE BAILEES
- WHIP IT ON ME PRETTY BABY - THE SURCHARGES
- RUNAWAY - THE UNINSURED MOTORISTS
- LEAN ON ME - THE ADDITIONAL INSUREDS
- BREAKING UP IS HARD TO DO - MC CARRAN & FERGUSON

Tee It Up One June 22nd

From: Ron Vogrin, CPCU
Program Chairman



Ronald Vogrin, CPCU
Second Vice President

If you are in the LaFayette Hill area of Philadelphia on Friday, June 22nd, be on the lookout for "golf balls". That is the date that the Philadelphia Chapter takes on the Greater Valley Forge Chapter in the CPCU version of "The Masters".

Actually, what is happening is an experiment between two Chapters to see if the challenge to a game of golf, plus a few laughs, would be of interest to the Chapter Members at large. This year 16 CPCUs from the Philadelphia Chapter will be playing 16 CPCUs from the Greater Valley Forge Chapter. If it is a success, it will be expanded next year.

For you information, the Captains for the Philadelphia Chapter are:

- "Shark" Hanebury
- "Arnold" Klein
- "Golden Bear" Carlin
- "Pro" Vogrin

Each of the Captains is to line up their foursome prior to May 1st. This will entitle the teams to schedule some practices before the big event. I forgot to mention that the festivities will take place at Eagle Lodge.

Just one word of caution, if you plan to attend, I would suggest that you buy your grounds pass early - it is rumored that this will be a sellout.

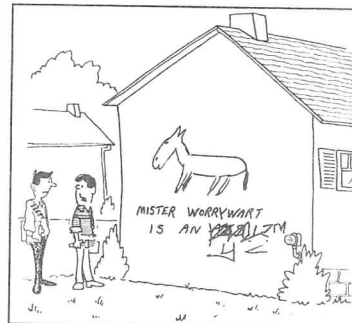
PHILADELPHIA CHAPTER: New Officers and Directors Elected at the April 12th Business Meeting

During the April 12th meeting the following officers and directors were unanimously elected for the term beginning July 1, 1990.

- President.....ARTHUR C. HANEbury, CPCU
- First Vice President.....BRUCE L. KELLY, CPCU
- Second Vice President....LARRY L. KLEIN, CPCU
- SecretaryKAREN D. PALEOLOGUS, CPCU
- TreasurerWILLIAM W. ENGLER, CPCU
- Director (Two Year).....RONALD E. VOGRIN, CPCU
- Director (Two Year).....FRANK J. MASON, JR., CPCU.
- Director (Two Year).....ELAYNE MARKEY, CPCU

We have three Directors who have one year remaining on their terms: JOSEPHINE BATTISTI, CPCU, BARBARA DAPOLITO, CPCU, JACK DERRICKSON, CPCU

THE ON-GOING SAGA OF "SEEPY SEEYOU"



At first thought I was going to put in a vandalism claim, but when I found out my boss's son did it, I toyed with the idea of scheduling it on my fine arts floater . . . What do you think Seepy?

April Meeting Recap

FRAUD IN THE INSURANCE INDUSTRY

BY: Ed McAndrews, CPCU
Public Relations Chairman

The guest speaker at our April Breakfast Meeting was Eli Dabich of Coopers & Lybrand who gave us some alarming facts and figures on the extent of fraud in the insurance industry. Eli had excellent credentials in this area having been in the business for over twenty years in various executive capacities. In his present role as National Director in the Insurance Management Consulting Services Practice, he has counselled client companies on methods of fraud detection and prevention.

Mr. Dabich believes that property casualty companies may be better served by attacking fraud to improve their bottom line performance than through staff reductions which can have a devastating effect on morale and productivity.

His primary recommendation to companies is to create a "Fraud Tree" listing each line of business and estimating the exposure to fraud losses per line. He believes that there are substantial variations by line but that a conservative overall average is 10% of incurred losses.

After creating the tree, companies should assign priorities to target attention for areas likely to yield the best results. Eli pointed out that any fraud prevention effort, to be effective, must have a comprehensive plan and the support of senior management.

The tree should include the losses attributable to misinformation and inadequate reporting of information by insured which can reduce premiums below their proper rate.

While many companies have already established Special Investigation Units to pursue fraudulent claims, all companies writing business in Pennsylvania must have a fraud plan in place by December 31, 1990 under recent legislation passed in the Commonwealth. The plan must be submitted to the State Insurance Department for approval. Philadelphia has been characterized as the Insurance Fraud Capitol of the United States and is reported to have among the highest rates for auto insurance. Clearly, this message should receive more attention in this area than anywhere else.

Also, as Eli points out, a good fraud prevention plan is something that most consumers favor by a wide margin and it would be an effective public relations message for everyone to know that the industry is doing all that it can to save consumer's premium dollars from the abuse of fraud.



Eli Dabich of Management Consulting Services Division of Coopers & Lybrand was the April Meeting speaker on "Fraud in the Insurance Industry".



President Joe McNasby conducts election of new officers & directors for 1990 - 91 at the April 12th Meeting



National Director Bob Campbell, CPCU was on hand April 12th to speak to potential committee volunteers.



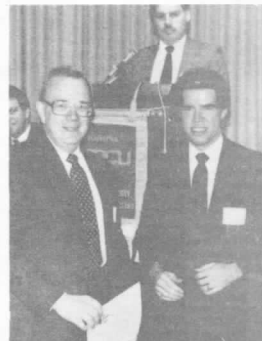
Deborah Lee (L) the Society's Director of Public Relations shown here with Chapter Director Karen Paleologus, CPCU at the April Meeting.

Congratulations to Our New Completers

Congratulations are in order to the following persons who have completed their CPCU courses in early 1990. We hope to see them at our meetings and Washington, D.C., at the National Convention in October.

Thomas P. Fay
Michael E. Podufaly
Michael B. Yeager
Susan S. Zanoski
Leslie J. Hawkes
Linda W. Martin
Francis X. Simkiss
George C. Wood
James E. Taylor
Thomas J. Padden
Sharon A. Murphy
Scott A. Rassi
Kathleen M. Hanley

George A. Morris
Ronald F. Profaizer
Latchu K. Udernomall
Robert J. Whittle
Bruce R. White
Francis A. Menna III
Michael J. Ostroski
Duane C. Parker
Louis D. Salvucci
H. Robert Schielke
Kathleen Orrell
John S. Eckley



Personal Sponsorship Award recipients were presented commendations by President Joe McNasby at the April 12th Meeting. Left to right are: Richard Brown, Terry Caron, Bill Engler, Anne Kopanski and Howard Rogosa. Also receiving recognition but not able to attend was Lou Potenza.