



CPCU CHAPTERGRAM

PHILADELPHIA CHAPTER
THE SOCIETY OF CHARTERED PROPERTY
& CASUALTY UNDERWRITERS

VOLUME 25 NUMBER 1

Peter F. Palestina, CPCU-Editor

September, 1991

Going To The Annual Meeting In New Orleans? Don't Miss The Chapter's Special Reception On Monday Evening Oct. 21st.

Chapter members, New Designees and their spouses and guests are invited to attend a reception on Monday evening, October 21, from 9:30p.m. to midnight in the Magnolia Room of the New Orleans Hilton Riverside and Towers. Wine, beer and snacks will be served. Since the conferment dinner as well as the additional dinner functions are being held that evening, this will make an opportune and convenient time to follow up to complete your evening. So, come socialize and meet your fellow Chapter members as well as welcoming our New Designees.



Bruce Williams, CPCU, CLU, SR.VP. Gladfelter Insurance Group of York, Pa. told Chapter members at our May meeting about the upcoming automobile insurance teleconference to be cablecasted on October 1st. Many cable stations will be carrying this event sponsored by the National Society and is expected to reach more than 1,500,000 households in Pa. Bruce has been instrumental in organizing the campaign to have local cable companies carry the broadcast. Look for the broadcast on your local cable community access channel. You may also want to call your local cable company to encourage them to carry it if they are not already scheduled to carry the program.



Left to right were the keynote speakers at our June joint CPA/CPCU meeting: Joe Capezza who spoke on financial reinsurance, Wade Williams, CPA who addressed issues, and strategy concerning risk retention and Dr. George Head, CPCU of the Insurance Institutes who discussed new thoughts on the tax rules concerning risk retention.

JUNE MEETING RECAP

Risk Financing, Reinsurance & Tax Consequences

By: Bruce Kelly, CPCU, CLU

On Thursday, June 13th, the Philadelphia Chapter held its annual business meeting at the Hershey Hotel. This was also our annual joint meeting with the local chapter from AICPA. Pete Synnot, CPCU, from the National Society of CPCU, installed the new officers for 1991-92: Bruce Kelly, President, Larry Klein First Vice-President; Karen Paleologus, Second Vice-President; William Engler, Secretary; and Frank Mason, Treasurer.

Jeff Gally, CPA, introduced the three speakers: Joseph Capezza, Wade Williams, and Dr. George Head.

Joseph Capezza talked about the topic of financial reinsurance which has been a "hot" topic lately. He explained the specifics of how it works from an accounting standpoint, why it came about as a means of surplus relief, and what he saw as the future of financial reinsurance which essentially was continued growth.

Wade Williams, a lobbyist on Capitol Hill, spoke about how the insurance industry is perceived by the powers that be in the Capitol which is not favorably, to say the least. He felt it was only a question of when, not if, there would be more federal intervention (i.e. regulation in the insurance industry. This being the case, he felt it was high time the insurance industry stopped being so confrontational and adversarial and adopted a more pro-active, cooperative approach in reaching palatable resolutions to such problems as solvency, affordability, availability, etc.

Finally, Dr. George Head talked about alternative risk financing methods. Specifically, he addressed the tax deductibility of insurance premiums vs. the non-deductibility of pre-loss reserves. Dr. Head felt that as long as a method was actuarially sound then the funds paid or reserved, as the case may be, should be deductible. This obviously would encourage the use of non-insurance risk financing techniques and perhaps force the insurance industry to be more efficient.



The President's Corner

by: Bruce L. Kelly, CPCU, CLU
President

SPREADING THE FAITH

Recent events in our sister industry, the life insurance industry, have made it very obvious that our industries no longer operate separately from one another. This probably was never the case by many in our industry liked to think it was so. Virtually everyone in the property/casualty industry is painfully aware of the troubles of Executive Life, Mutual Benefit Life, Etal and potential repercussions these "failures" could have on the property/casualty side of the business as well. Some of these changes i.e. stricter and more meaningful solvency guidelines are probably sorely needed and long over due. Other changes such as repeal of the McCarran-Ferguson Act or federal intervention in regulation of the industry, may not be so palatable.

So how does this relate to keeping the faith? First, I think those of us within the industry have to be more firmly convinced than ever of the important role our industry plays in keeping the fabric of our society intact. Second, and perhaps even more important, we have to convince other constituencies i.e. consumers, legislators, regulators, business, etc. that what we do is of vital importance. Because if they lose the faith then the whole insurance industry will be in dire straits. Our industry is based on agreements of utmost good faith isn't it? If everyone loses faith in the system, there is no insurance company in the world that can withstand a "run on the bank" of epidemic proportions. And if that occurs we all lose: consumers, business, government, and the insurance industry. If you think today's world is stressful and rapidly changing, think of what it would be like without a sound, dependable, and reliable insurance industry to decrease some of that uncertainty!

RESULTS OF THE PHILADELPHIA CHAPTER CPCU GOLF OUTING

By: Richard Smith, CPCU

On Friday morning, June 21st, an intrepid band of one dozen golfers representing th Philadelphia Chapter of the Society of CPCU paired off in not-so-mortal combat with a "dirty dozen" of our counterparts from the Greater Valley Forge Chapter at Eagle Lodge in Montgomery County. Play was marked by heroic efforts by all competitors, but the final tally showed our adversaries with two wins to our one, with three matches ending in ties.

The low net score was achieved by former Chapter President, Art Hanebury (aided by a substantial handicap), and the longest put was made by Phil Rondeau, also of the Philadelphia Chapter. Unfortunately, all other honors went to Valley Forge, including low gross score, longest drive and closest to the pin. Both chapters contributed gift certificates as prizes, and included lunch as a bonus. Additional prizes were donated by American Re, CIGNA, Munich Re and the Travelers. The generosity of these companies was such that there was a prize for each participant. Our thanks to them!

Although the weather was hot, all players said they enjoyed the course and the competition, and the day was marred only by the absence of any lady golfers from either chapter. Next year we promise that the event will have better advance publicity, giving all golfers (and duffers) the opportunity to participate. Judging from this years' results, we're sure you will have a great time, no matter what your skill level!



Philip N. Spinelli, CPCU

National Director's Corner

Philip N. Spinelli, CPCU
Incoming National Director

To write an article for the Chaptergram is not a new experience for me because as some of you may recall, I was the first editor when Pete Palestina, as chapter president, developed the current chaptergram format for the Philadelphia Chapter. What is truly exciting for me is to contribute an article as the National Director Designee whose area of responsibility includes the Philadelphia Chapter.

The Society's emphasis for 1991-92 will focus on communicating the professional stature of the CPCU designation both within and external to our industry. Your chapter officers and directors will be implementing programs during the course of the year to support the national objectives and they will need your help. The Society of CPCU is a member driven organization and relies heavily on the participation of all its members in order to be successful. The participation in Society/Chapter activities is voluntary but I can assure you that it is very rewarding. It is a great way to meet some really neat people who have similar interest. And the beneficiaries will be all of us who share a very important commonality, our CPCU designations. Make that very important first step and contact your chapter leadership.

There are two very significant events occurring in the October timeframe. One is the National Meeting and Seminars and the other is Philly I-Day. These two events are significant not only because of the recognition of our new designees but also for the excellent educational opportunities which these events offer. I hope you will be able to participate in these major Society/Chapter programs.

In closing, I want to thank the editor for giving me the opportunity to again be a contributor the this very fine newsletter. I look forward to supporting the Philadelphia Chapter in achieving its 1991-92 objectives.

PASSING ALONG SOME TIPS & INFO

By: Karen D. Paleologus, CPCU
Second Vice President
Program Chairman



As the Chapter's Program Chairman for 1991/92 I am looking forward to putting together an exciting and informative series of breakfast meetings for your educational and social pleasure.

We will kick off with our September 5th meeting which will focus on the future state of the property and casualty market. An interactive panel featuring representatives of local insurance markets (Earl Paige of AIG, James Bryson of Bryson Associates and Joe McConaghy of RBH) will discuss the current trends and predict the coming market from the perspective of a carrier, broker and surplus lines house.

All meetings will take place once again at the Hershey Hotel in Philadelphia, 8:00 a.m.

You can expect future topics such as: *Public Outcry-Are your annuities safe? Preparing Today for Workforce 2000, Comp Bureau Speaks Out on Rate Inadequacy, Ratings and Insolvency Issues, Women's Issues in Insurance, The Changing Global Market, Catastrophic Loss.*

Mark you calendar, so you don't miss these future meeting dates:
Nov. 14th, Dec. 12th, Jan. 9th, Feb. 13th, April 9th, May 14th, June 11th.

The cost of the meetings is \$15 for Chapter Members and guest for advance purchases or \$18 if you pay at the door. Season tickets are available for \$95. Call 215-592-9959 for orders or ticket information.

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NATIONAL SOCIETY DEVELOPS SPEECHES FOR INCREASED VISIBILITY

MALVERN, PA - To increase CPCU visibility and understanding of insurance in your community, the national Society of CPCU has prepared a series of speeches for CPCUs to present to local professional, business, consumer, and civic groups. Developed to help support chapter speakers bureaus, the speeches are free to all CPCUs who have the opportunity to make speaking presentations within their communities.

The speeches address important issues that will increase others' understanding of insurance while giving valuable advice. The speeches come in kits that include suggested overheads, audience handouts, and promotional guidelines.

Among available speeches are: "Auto Insurance: Putting the Brakes on Runaway Costs," for presentation before civic groups, Chambers of Commerce, and other community organizations; "Workers Compensation: Keeping Costs Down," of interest to business and professional groups; and "Careers In Insurance," for presentation to high school students.

In addition, two Society sections have assisted in developing speeches, including the International Insurance Section's "Managing Global Risk," for presentation to groups both inside and outside the insurance industry; and the Agency administration section's "Revolution in the Structure of an Agency," specifically for presentation to insurance agent groups or associations.

Two new speeches coming in the fall of 1991 will also address pertinent topics that will help chapters to increase CPCU visibility in their communities. These include a speech on ethics, being

prepared by the Society's National Ethics Committee; and a speech entitled "Things a Small Business Owner Should Know," for presentations to local business and professional groups.

In addition to providing speeches, chapters are encouraged to expand speaking opportunities by providing promotional support and speaker training. The National Society offers materials and resources for these efforts, including press releases and public service announcements for speakers to send to the local media; speaker training guidelines; audience handouts; and a unique brochure for chapters to send to local organizations to promote CPCU local speakers bureaus.

A series of syndicated columns are also being sent to nearly 4,000 suburban papers countrywide. These columns will include insurance advice to the consumer and offer local speakers on these topics. Interested readers will call a staff member in Malvern who will then contact local chapters to arrange for speakers.

CPCUs who want copies of speeches or other promotional materials can call the Society's Communications Department at (215) 251-2751.

For those interested in joining the Philadelphia Chapter Speakers Bureau, please complete the Speakers Bureau Information Form and return it to Charles Willimann, CPCU, c/o Posse-Walsh, Inc., P.O. Box 1121, Blue Bell, PA 19422.

SPEAKERS BUREAU INFORMATION FORM

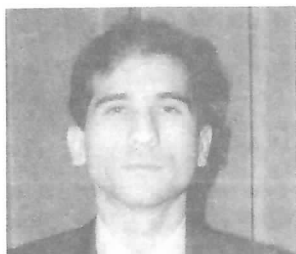
NAME			
EMPLOYER		POSITION	
ADDRESS	STREET	CITY	STATE ZIP
BUSINESS PHONE		HOME PHONE	
<input type="checkbox"/> I AM INTERESTED IN MAKING PRESENTATIONS.		<input type="checkbox"/> I CAN'T JOIN, BUT HAVE LISTED PEOPLE YOU CAN CONTACT TO SCHEDULE SPEAKING ENGAGEMENTS.	
WHAT IS THE SUBJECT OF YOUR SPEECH?			
WHAT SUBJECTS CAN YOU ADDRESS?			
<input type="checkbox"/> CAREERS IN INSURANCE <input type="checkbox"/> AUTO INSURANCE <input type="checkbox"/> WORKERS COMPENSATION <input type="checkbox"/> SMALL BUSINESS INSURANCE <input type="checkbox"/> ETHICS <input type="checkbox"/> HOMEOWNERS/PERSONAL LINES			
OTHER (PLEASE SPECIFY)			
PLEASE INDICATE THE BEST TIME(S) YOU CAN SPEAK:			
<input type="checkbox"/> WEEKDAY MORNINGS (BREAKFAST) <input type="checkbox"/> WEEKDAY AFTERNOONS (LUNCHES) <input type="checkbox"/> WEEKDAY EVENINGS <input type="checkbox"/> WEEKENDS (SATURDAY AND SUNDAYS)			
PLEASE LIST NAMES AND PHONE NUMBERS OF PEOPLE YOU KNOW WHO WE CAN CONTACT ABOUT SCHEDULING SPEAKING ENGAGEMENTS (I.E. PEOPLE ASSOCIATED WITH SCHOOLS, FIRE OR POLICE DEPARTMENTS, SERVICE OR CIVIC GROUPS, AND BUSINESS OR PROFESSIONAL ORGANIZATIONS). MAY WE USE YOUR NAME WHEN CONTACTING THESE INDIVIDUALS?			
<input type="checkbox"/> YES <input type="checkbox"/> NO			

PLEASE RETURN THIS FORM TO:

CHARLES WILLIMANN, CPCU • C/O POSSE-WALSH, INC.
P.O. BOX 1121 • BLUE BELL, PA 19422

NEW DESIGNEES COLUMN

By: Frank Menna, CPCU
1991 New Designee Rep.



Congratulations to the 1991 CPCU Designees! There is a large number of designees for the 1991 class-including 32 who completed the curriculum in January in our local area. The increasing number of CPCU's is certainly a testament to the commitment to education felt necessary to better fulfill the tenets of professionalism.

It is quite a milestone you have achieved. Now to sort through the seemingly endless possibilities that await you within the Society of CPCU. As any other uncharted territory, it appears confusing. Do not fear. This is where the New Designee Committee comes in. These are the folks who will facilitate your integration into the Society's activities, particularly on the local level in the Philadelphia Chapter.

By now you have received a letter inviting some of your class to be considered as the New Designee Representative for 1991. This person, as the liaison for the class, will sit in on the Chapter Board meetings. He or she will gain firsthand information on the happenings of the Society, represent your interests of the board, and be a conduit for information.

Several other New Designees will also serve on the New Designee Committee. They will develop goals for the 1991 year and formulate creative ideas to fulfill them. You may have already expressed an interest in getting involved in the committee.

There will be many occasions for us to meet our peers in the society over the upcoming year. For example, we will look forward to seeing you on Philly I-Day, not only for your honorary conferment of the CPCU designation; but also at a reception which we will be held in your honor. Here, you will be introduced to board members of the Philadelphia Chapter. Also, you will be given an opportunity to pick from the "job jar". This contains a myriad of chances for you to get involved in some of the chapter's activities.

One of the primary means of meeting other members is to attend the monthly breakfast meetings. These are usually held on the second Thursday of the month starting at 8:00 a.m. at the Hershey Hotel. You will be given plenty of reminders about these breakfasts.

Again, sincere congratulations to the New Designees. As Chairman of the New Designee Committee, it will be a pleasure to serve you. Please do not hesitate to call with questions or comments.



Some of the CPA's and CPCU's at our June meeting.

PHILLY I-DAY TO FEATURE MERIDIAN BANK FIRE ON OCTOBER 29TH.

By: Terry Carlin, CPCU

This year Philly I-Day, tentatively titled Burning Issues -Danger and Opportunity, will highlight the Meridian building fire. The keynote address will present the fire and the ensuing catastrophic damage arising out of the blaze. Two subsequent seminars will challenge local risk managers, agents/brokers, and insurance company employees with coverage and claim issues which followed the fire.

Once again, the Insurance Society of Philadelphia, Philadelphia Chapter CPCU, Independent Insurance Agents of Philadelphia and Suburbs, and the Risk Insurance Management Society - Delaware Valley Chapter will co-sponsor this event. The organizations will also feature seminars on Workers Compensation and Insurance Company and Agency distribution systems to round out the educational sessions held at this annual event. The format begun last year will be continued, with a keynote address in the morning, followed by two seminar sessions with four topics, followed by lunch. The lunch will start around 1:00 p.m. and conclude with a diploma ceremony for new CPCU designees.

Interest generated by the local highrise fire in Philadelphia should make this a popular event this year. Participants in the seminars will include local and national experts on catastrophe prevention as well as individuals who represent firms and companies who worked closely with the many individuals suffering losses in this blaze. Person's interested in large losses of this nature will discover the magnitude of work involved in anticipating and handling claims from property and liability losses from large fires.

The site of Philly I-Day will be the Wyndham Franklin Plaza at Two Franklin Plaza. This facility was chosen again because of its size and service capabilities for functions as large as Philly I-Day. Brochures are in the mail with details of the Philly I-Day schedule and seminar participants. Tables will be available for companies who wish to reserve blocks of seats for their employees or clients at lunch. Due to the popularity of this function, we encourage early registration. Finally, for local CPCU chapter members who wish to assist on the actual I-Day, they should contact the chapter or the chapter committee, Tom Callanan or myself. Plan to attend the biggest, professional insurance function in Philadelphia this year.

GREATER VALLEY FORGE CHAPTER DIRECTORY OF NEW OFFICERS & DIRECTORS

The GVF Chapter has announced the election of their 1991-92 Officers and Directors. We wish our Sister Chapter continued success.

President.....Dick Felts, CPCU
Vice PresidentCarol Fitzsimons, CPCU
2nd Vice PresidentMike Trachtenberg, CPCU
Secretary.....Linda Mendenhall, CPCU
TreasurerErnie Martino, CPCU
Director.....Steve Horner, CPCU
DirectorMike Mee, CPCU
DirectorChristina Madden, CPCU
Director.....Dick Althouse, CPCU
Past PresidentPaul McShane, CPCU

1990-91 ANNUAL REPORT TO CHAPTER MEMBERSHIP



PRESIDENT'S ANNUAL REPORT

"THE PRICE OF VISIBILITY"

By: Art Hanebury, CPCU President
1990-91

We have had a very active year. During our fiscal period we held many new or renewed events, such as the WHYH Fund Raiser and the Special Olympics. All of our standard events, Franklin Award, Breakfast Meetings and I-Day, went off very smoothly and with a better than expected return.

The Board and I are pleased with the attention to detail regarding the budget, that each committee paid during 1991. In fact, most events and activities were at least a break-even proposition. We are pleased that we have stayed within our proposed budget deficit for fiscal year 1991, but we must say that we are surprised at the rapid rise in communication expenses.

We made at least 16 mailings during the year to our members, associated groups and professional organizations. Our postage alone was over \$4,000. Much attention will be paid to this area during coming years. We must maintain our communication to keep the "CPCU" organization visible to not only the Insurance Industry, but to the public.

Thank you for a great year!
Arthur C. Hanebury, CPCU



Paul (Pete) Synnott, Jr., CPCU, Exec. Vice Pres. of the Society of CPCU is at the podium swearing in the Chapter's newly elected board at the June business meeting. Next to Pete is outgoing Chapter President Art Hanebury, CPCU. Standing in foreground left to right are: Bruce Kelly, CPCU, CLU, President, Frank Mason, Jr., CPCU, Treasurer and William Engler, CPCU, Secretary.



At the June business meeting outgoing Chapter President Art Hanebury (l) appears delighted to receive a plaque from and pass the gavel to new Chapter President Bruce Kelly (r) who appears equally delighted.

TREASURER'S REPORT ON BUDGET PERFORMANCE FISCAL YEAR ENDING JUNE 30, 1991

By: William W. Engler, CPCU
Treasurer 1990-91



The Treasurer's report for the fiscal year ending June 30, 1991 is shown below as of July 10, 1991. A budget deficit of \$5,940 was projected at the beginning of the year. As of July 10, 1991 actual expenses exceeded receipts by \$ 2,617. However, when all bills are paid, the anticipated final deficit is \$ 4,500. The net worth of the Chapter as of July 10, 1991 was \$ 21,126.50.

Category/Description	Budgeted	As Of 7/10/91 Actual
INCOME		
Directory	\$ 2,000.00	\$ 1,437.50
Dues	14,000.00	14,864.00
Franklin Award	4,800.00	3,300.00
I-Day	2,500.00	2,000.00
Interest	1,300.00	1,465.94
Meetings	14,000.00	11,623.50
Seminars	2,500.00	(81.10)
Spring Social	2,000.00	710.00
TOTAL INCOME	\$ 43,100.00	\$ 35,319.84
EXPENSES		
Annual Meeting	1,800.00	1,955.65
Candidate Development	250.00	0
Careers In Insurance	300.00	0
Chap. Officers Conference	2,200.00	415.85
Chaptergram Postage	720.00	0
Chaptergram	6,650.00	6,468.74
Directory	1,500.00	0
Fire Essay Contest	400.00	172.00
Franklin Award	5,400.00	3,417.17
H.J. Loman Foundation	550.00	550.00
I-Day	850.00	273.11
ISOP	600.00	425.00
Meetings Expense	13,000.00	10,401.59
Membership Committee	400.00	276.46
Miscellaneous	250.00	1,654.67
New Designee Committee	1,920.00	533.99
Office Service-ISOP	3,400.00	8,650.77
Postage & Printing	3,200.00	0
Public Relations	3,400.00	1,789.48
Research Projects	250.00	0
Spring Social	2,000.00	952.78
TOTAL EXPENSES	\$49,040.00	\$37,937.26
(DEFICIT)/SURPLUS	\$ (5,940.00)	\$ (2,617.42)
BANK BALANCE	\$ 21,126.50	NET WORTH

WORKERS COMP TELECONFERENCE A SUCCESS

The following article appeared in the May 27, 1991 edition of *Business Insurance* and was written by Meg Fletcher. It is reprinted here for those of you who missed it.

A workable solution to the problems in the workers compensation system requires the participation of all those with a stake in the system, despite their divergent interests, experts say.

Eleven "stakeholders"-including employers, employees, insurers, lawyers, doctors and state workers comp administrators-discussed "Workers Compensation: Crisis Resolution" during a nationwide "video conference" last week sponsored by the Society of Chartered Property & Casualty Underwriters.

The 2 3/4 - hour program was broadcast to more than 1,600 people at 40 sites around the nation. In addition, people viewed the program at five companies that paid a special fee to receive the broadcast, a Society of CPCU spokesman said.

The interactive program allowed viewers to telephone panelists with questions.

The 80-year-old workers compensation system is being plagued by "a growing crisis" said Stephen J. Paris, president of the Society of CPCU and managing partner of the Boston-based law firm Morrison, Mahoney & Miller.

Panelists collectively rated the health of the workers comp system as a "7" on a scale ranging from a high of 1 to a low of 10. However, individual panelists' ratings ranged from a "5" by a state workers compensation administrator to a "14" by William Hager, president of the National Council on Compensation Insurance in Boca Raton, Fla., which collects statistics and proposes rates on behalf of insurers and manages residual market programs nationwide.

The disparity in the assessments of the health of the workers comp system was indicative of the different points of view of panel members.

From insurers' perspective, the system is a "monster" that is doomed to fail in many states unless regulators allow insurers to charge adequate rates and control costs, Mr. Hager said.

The NCCI says the "key cost drivers" in the system are: increased medical costs; increased indemnity costs; the burden posed by the residual market; and fraudulent practices, like employee leasing schemes designed to avoid payment for workers comp premiums.

Insurers also are frustrated by many states' prohibitions against using managed care techniques like limiting an employee's choice of subsequent treating physicians, said Gary Countryman, president of Liberty Mutual Insurance Co. in Boston, the nation's largest workers comp insurer.

In addition, medical costs are excessively high in too many states due to provider cost shifting, while litigation involving both claimants and defense lawyers-as well as the doctors both sides find to support their cases is increasing, several panelists said.

Litigation added \$1 billion to California workers comp costs in 1988, or an amount equal to one-sixth of all California workers comp costs, Mr. Hager said.

Mr. Hager and Mr. Countryman also faulted employers for not educating employees about the workers comp system before an injury occurs.

In addition, it can mean "big bucks" in workers comp cost savings if an employer shows an injured employee that it cares about him and his recovery, Mr. Countryman said.

However, other panelists said insurers are the cause of workers comp problems.

For example, panelists engaged in a heated exchange over whether insurers of residual market risks provide adequate loss control services.

"Loss control is almost non-existent in the residual market," said Allyn C. Tatum, a commissioner with the Arkansas Workers Compensation Commission and president-elect of the International Assn. of Industrial Accident Boards & Commissions.

The NCCI's Mr. Hager responded that Mr. Tatum's allegation was "inaccurate."

"It's simply not being done," quickly retorted Richard L. Katten, vice chairman and chief operating officer of The Ferd. Marks Insurance Agency Ltd. in New Orleans and immediate past president of the Society of CPCU.

Other panelists faulted insurers for sloppy claims handling and failing to keep employers informed about the status of contested claims.

The two employer representatives on the panel-both self-insurers-focused on not exaggerating the crisis and on ways to control health care costs and help employees return to work.

Alan Strohmaier, director of unemployment and workers compensation issues for General Motors Corp. in Detroit, emphasized that some states' workers comp systems work well and he urged panelists to "build on these strengths."

"Once we label something a crisis, the tendency is to go to work with a meat ax, rather than a scalpel. History is full of examples which demonstrate that this doesn't work," he said.

In addition, Lucille Gallagher, vp-risk management for Monfort Inc. in Greeley, Colo., and vp-governmental affairs for the Risk & Insurance Management Society Inc., urged all employers to follow the lead of self-insurers that have lowered their workers compensation costs. These companies have done so by demonstrating their concern about employees' health through education and loss control programs, active management of claims and emphasis on return-to-work and wellness programs, she said.

Labor spokesman James Ellenberger, assistant director of the AFL-CIO's Department of Occupational Safety and Health in Washington, D.C., expressed his frustration with inadequate loss control and inadequate benefit levels in some states.

In addition, he noted labor's opposition to efforts by employers and insurers to limit employees' choice of physician or a Florida program that allows employers to combine workers compensation and group health care coverage into a "24-hour" coverage program. Under that program, injured employees could be required to make copayments for medical care (BI, March 18).

A government representative-William E. O'Neill, chairman of the Industrial Commission of Virginia said that more states should adopt alternative dispute resolution procedures, which have proved effective in his state.

Arkansas's Mr. Tatum joined several panelists in expressing concern about unnecessary litigation, adding that he personally is "really concerned" that employers and insurers are litigating admittedly compensable claims.

However, a defense and a claimants' counsel strongly advocated their roles in the system.

Employers need lawyers to represent their interests because of the increasing complexity of claims for problems like stress and toxic exposures, as well as questions about whether claims filed by an aging workforce are indeed work-related, said Paul Goodrich, a defense attorney with Morrison, Mahoney & Miller.

"Lawyers are not interlopers," they are "inherent in the system" and should be "invited to the feast," said Peter MacDonald, a claimant attorney with MacDonald & Wallace in Quincy, Mass. "Creative Lawyering" is boon to injured employees because it requires employers to be "a little more humanitarian," he said.

Doctors were criticized by many panelists for overcharging workers compensation claimants through cost shifting and sometimes subjecting injured workers to excessive and unnecessary treatment.

Besides voicing problems, the panelists also outlined potential solutions for the ills that plague the workers compensation system.

The "ultimate solution" is controlling cost through utilization review, managed care, alternative dispute resolution and a renewed commitment to safety, Mr. Countryman said.

Reaching that solution requires reforms that can only be achieved through coalition building, communication among stakeholders-preferably before a crisis develops and lobbying with the help of employees, he said.

An effective coalition must have leaders "that can stand up to vested interests," Mr. Hager warned.

In addition, they must be able to hammer out an effective compromise in which each party wins more than it loses, GM's Mr. Strohmalder said.

But such a movement should not lose sight of the fact that the "principal parties" are employees and employers, the AFL-CIO's Mr. Ellenberger emphasized.

Certifying lawyers as being capable of handling workers comp cases may help, suggested Mr. MacDonald, the claimant attorney.

In addition, states should consider adopting a program like one in California designed to establish standards for medical providers who evaluate uncontested workers compensation cases, said Dr. Ira H. Monosson, president of the State of California Industrial Medical Council in Santa Monica. That should help reduce "doctor shopping" as well as the influence of "medical mills," where patients receive multiple specialty exams and treatment whether or not they are needed, he said.

If the existing system cannot be fixed, there will be increased interest in alternatives like state workers compensation funds-which labor supports-and 24-hour coverage programs, other panelists said.



Peter Palestina, CPCU Editor

FROM THE EDITOR

BEST POSSIBLE COVERAGE FOR THE LOWEST POSSIBLE PRICE

Is there such a thing as the best possible coverage at the lowest possible price? Of course there is. But in order to accomplish both an agent needs to represent or have access, to every property and casualty insurance company and send the submission to every one of them. Each of those companies would then have to give the agent their absolute bottom price while offering their broadest protection available. The agent must also negotiate all quotes at a fixed rate of commission or have the quotes come in net of commission and add on a service fee.

Since we know that the above situation does not occur in the real world, then no one can honestly mean what they say..."We offer the best possible coverage at the lowest possible price." The best an agent can realistically hope to offer a client or prospect is good coverage at a competitive price. The key is knowing when your price is competitive and it would be reasonable to say that a competitive price is any price lower than the average price paid by similar insureds in the current marketplace we are dealing with.

If we disregard the extremes where some company will cut the renewal pricing by more than 25%, then at least we have a ball park in which we can play our game and manage our team. It would be nice if agents could test all of their markets on every prospect or renewal, but no one can afford that luxury. It is not fair to the companies the agent represents plus it would be too costly, from the agency's standpoint, to incur the marketing activity costs involved to do so.

The best approach in my opinion, is being educated or familiar enough with the market to make an educated guess as to the current pricing of the risk and where that risk might be placed at a lower price with improved coverage terms.

Of course the end result on pricing alone is short lived if the agent or the insurer cannot deliver service. You have got the have satisfied clients that believe you are taking care to their coverage and pricing needs, and just as important, that you or someone they can count on is there in the office when they call with a problem or request for service.

If an agency can deliver all three, and do it at a profitable commission level, there will be success, under any market condition. If you can't do all three then you are likely to keep racing around an oval track with no finish line. Sooner or later you will stop from exhaustion.

MORE INFO ON THE PHILADELPHIA SPECIAL OLYMPICS

By: Joseph M. McNasby, CPCU



As was reported in the June Chapter-Gram, the Philadelphia Chapter participated in the Philadelphia Special Olympics May games which were held on May 4th.

The Chapter was responsible for organizing and running the entire parade which leads up to the actual games themselves.

As a school would show up for the events, our members would sign them in, supply them with the banner for their school and, of course, place them in position for the parade around the track.

A high school band led the parade and Ray Murray of Channel 3's Evening Magazine announced each school as they passed the reviewing stand.

We did receive a letter from Constance Clayton thanking us for our participation.

It was such a fulfilling event that the Chapter has decided to do the same thing again next year. In addition, there are many individual sporting events that go on during the course of the year with the Special Olympics and there area always jobs to be done. They can range from coaching to helping out for a couple of hours on the day of the event itself. If any Chapter members are interested in participating in any of these events, even if you only have a couple of hours to spare, please contact Joe McNasby at Rollins Burdick Hunter (Phone Number: 925-6100) and he will try to coordinate the activities for the Chapter.

CHAPTER SLATES TWO SEMINARS IN SEPT.

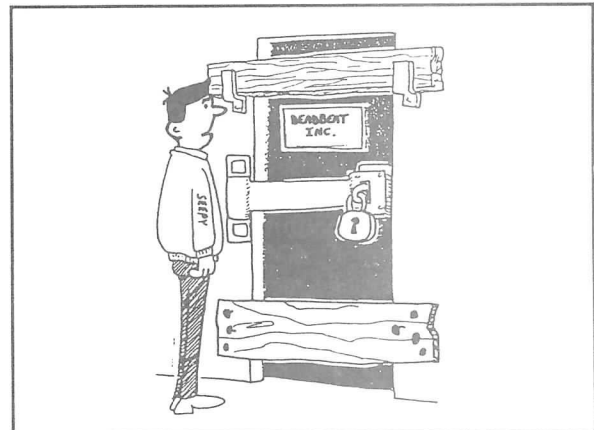
Bruce Tuttle, CPCU has advised that Philly Chapter will be co-sponsoring, with the National Society, two seminars as follows:

Sept 24th At the Downtown club located in the Public Ledger Building, Phila., PA. The topic will be "Maximizing Coverage, Minimizing Cost." This will be a full day session with lunch included.

Sept 30th At the Mt. Laurel Hilton in Mt. Laurel, NJ. This will be a full day session, half devoted to the New CGL applicable in New Jersey and the other half will be devoted to the New Commerical Property Form. Since NJ adopted these changes July 1st, this session will give our Jersey members and other interested parties an opportunity to educate themselves in these areas.

Since this announcement went to press in early August, many of you should have received updated information as to cost, etc., by the time you read this. If you need further info, contact Bruce Tuttle at (215) 574-5776.

THE ON-GOING SAGA OF "SEEPY SEEYOU"



Look, you didn't pay your last six installments and your audit AP is overdue. Can I take that to mean a small down payment toward your renewal is completely out of the question?

MAY MEETING RECAP

Jim MacMicking Discusses "Disaster Recovery Planning"

article by: Anne M. Kopanski, CPCU

"Just as you can't buy insurance after a loss, you can't plan for disaster recovery after a loss" said Jim MacMicking, Regional Consulting Director during his "Business Resumption Program" at the May Breakfast meeting. Jim is with SunGard Planning Solutions, Inc. which is a unique organization that provides a contingency planning focus to their corporate clients. Jim stressed that each organization's plan must be customized for pre-loss and post-loss issues. For a plan to be successful, executive management's participation is critical. The plan includes programs, procedures and plans that are company wide as well as operationally specific. The program should be written to include response to fire, earthquake, hurricane, or "just rain" (a 100 year downpour) and other geo-physical features.

A critical component is an external and internal communications and public relations plan. Customers need to be reassured and employees need to be advised of what a business is doing to recover. Planning also includes moving employees for site to site together with alternative equipment and supplies to maintain the viability of the business. Plans need to be reshaped as organizations change, technologies emerge, and data processing capabilities expand.

"Important things to consider", he said are: "Don't assume it can't happen", "Someone must take the lead", and "Planning can always be cost justified."

HEALTH INSURANCE TID-BITS

• continued from page 2 •

By: Karen D. Paleologus, CPCU
2nd Vice President • Program Chairman

- Agent to Customer - "Yes, amputation would be covered by your health insurance. Why do you ask?" Customer - "Because the premiums are costing me an arm and a leg."
- I hate going to the dentist: The suffering, the excruciating agony - and that's just from filling out the insurance forms!



Some of the people at our May meeting on Disaster Recovery Planning.



Jim MacMicking, Regional Consulting Manager with SunGard Planning Solutions, Inc. presented a program on Disaster Planning at our May 9th meeting.



These men listen intently to the presentation of Jim MacMicking at the May meeting.

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