



PHILADELPHIA CHAPTERGRAM

VOLUME 30 NUMBER 3

Peter F. Palestina, CPCU-Editor

March 1997

Editor's Note: The views and opinions of the authors of the articles appearing in the Chaptergram are his or her own and not necessarily shared by the officers and members of the CPCU Society and the Philadelphia chapter.



CE Credits for Chapter Programs

by: Sandra Loeb, CPCU
Second Vice President and Program Chair

The January Breakfast Meeting was the first meeting to have been filed and approved for Continuing Education credits. Our plans are to continue to file for CE credits for future breakfast meetings. The next meeting that will be filed is the April meeting. Our speaker is Dr. Norman A. Baglini and his topic will be Ethics.

Because of the two month lead time and the time it takes the Insurance Testing Corporation to approve our request, approval is often received only days before a breakfast meeting. As we become more familiar with the submission and approval process and line up our programs in advance, we will endeavor to seek early approval.

In any case, we will keep you informed when we announce a breakfast meeting if CE credits have been filed. Of course, there is no guarantee that the meeting will be approved. If we receive approval prior to publishing the announcement, we will include this notice in the breakfast announcement. Unfortunately, you won't know until you show up for a meeting.

In the state of Pennsylvania there is a \$6 filing fee per participant per program which you can send in with your reservation if we announce advance approval. Otherwise, you need to be prepared to pay this amount when you sign up for CE credits the day of the meeting if we receive late approval.

We are always looking for new ideas for the monthly breakfast meetings, so if you know of a good topic or speaker, please let us know. You can write to Sandra Loeb, c/o the Philadelphia Chapter CPCU Society, P.O. Box 1499, Philadelphia, PA 19105-1499 or call me at 215.493.0782. My thanks go to Sam Garro for his suggestion to do a program on Fraud in the Insurance Industry and to invite the Philadelphia District Attorney. The program was excellent and enjoyed by all who attended.

As a reminder, meetings for the rest of the 1996-97 season through June, are on the third Thursday of the month at the DoubleTree Hotel at Broad and Locust Streets. We plan to continue with a buffet breakfast beginning at 8:00 a.m. and our program starting at 8:30 a.m. Single tickets are \$20.00 in advance and \$22.00 at the door. We will continue to celebrate our 50th anniversary year by sharing glimpses of the past at the beginning of each meeting through the calendar year 1997.

We look forward to seeing you at our next breakfast meeting!



Honors and Achievements

The Jack F. Derrickson Award for Outstanding Course Leadership, to be awarded annually, has been created by the American Institute for CPCU to recognize excellence in course leadership. The award is named for Jack F. Derrickson, CPCU, whose insurance career has spanned nearly 40 years. Jack is a long time member of the Philadelphia Chapter. Congratulations Jack!

Lawrence G. Brandon to Receive Franklin Award on March 20th

by: Frank Mason, Committee Chair

The Philadelphia Chapter has selected Lawrence G. Brandon, CPCU, President and COO, the Insurance Institutes, Malvern, PA as the Franklin Award recipient for 1997. We will have an exciting award ceremony and luncheon in Larry's honor with a keynote speaker (not determined as of press time) on hand to participate. Attend if your schedule permits and use the form below to order tickets.

The Philadelphia Chapter of the CPCU Society Proudly Presents

The 15th Annual Franklin Award

The Award will recognize

Lawrence G. Brandon, CPCU,

President and COO, Insurance Institutes

For Outstanding Achievement and Contributions

to The Insurance Industry and Insuring Public

This Award Will Be Presented at a Special Luncheon at

The DoubleTree Hotel located at Broad and Locust Streets, Philadelphia

Thursday March 20, 1997 • Cocktails 11:15 a.m. • Lunch 12:00 noon

Keynote Speaker: (To Be Determined)

Please make my reservations for _____ persons at \$35 each.

Full tables of ten or half tables of five are available

\$300 for a full table or \$160 for a half table.

Make check payable to: Philadelphia Chapter of CPCU

P.O. Box 1499, Phila., PA 19105-1499 • Deadline: March 18, 1997

Name(s) _____

Firm _____

Address _____

Phone () _____

Contact _____

Amount Enclosed \$ _____



The President's Corner

by: Bruce Tuttle, CPCU

QUOTES

A recent three-day marketing trip had me encounter three clients who have developed stress-related digestion problems. Thinking of these nice people, I am reminded of a few statistical quotes I have heard in the last year.

"50% of us are working 60+ hours a week."

"We are working as many hours as our grandfathers did in the 1920s."

"Stress related illnesses and deaths are not going down for men-they are going up for women."

I'm glad these quotes are in the easy refence files in my brain, or else I would loose track of my priorities and neglect other aspects of my life.

I know many people, and work with some, to whom the above quotes apply. Some of them have the knack for balancing their lives, or keeping many "balls in the air" at once, so that they almost seem "self-actualized." These people know how to get things done, have the right contacts, and volunteer for the right jobs. They are not necessarily heads of the organizations; some are just average "Joos."

Others occasionally spin out of control, doing a bad job juggling all the things in their lives. Maybe they bite off more than they can chew, or have their priorities out of whack. They are often working a job, not a career. Where they have always survived thinking on their feet, they do not plan or organize their future. These people do not often volunteer for extra work, unless it can directly advance their interests.

The people who help run our chapter have characteristics of the first type mentioned above; they volunteer to help our cause although it may not advance their careers, and they are good at organizing other aspects of their lives so a good job can be done in all these areas. They are professionals who can handle the occasional curve-ball thrown their way. If they take on a responsibility, they see it through to completion.

As we start to wrap-up this year, I want to acknowledge their efforts and dedication in keeping this large chapter going. I will not isolate each and every one, because there are so many, and for fear of possibly leaving one or two out. But to the group, please join me in expressing our appreciation for a job well done. As we crunch out the tasks we have to do, remember another quote a friend of mine said, which helps to lift my spirits a little since it is humorous, and we all need a little laughter in our lives now and again:

"I have worked hard to work this hard."

Enjoy the Spring!



Linda S. Kaiser, CPCU, Pennsylvania Insurance Commissioner welcomed the people attending Philly I-Day.



This esteemed panel (left to right) kicked off the opening session at Philly-I Day entitled "A Practical Guide To Disaster Survival" Miles A. Jellinek, Sr. Partner, Cozen & O'Conner, Ellen Toplin, CEO, Toplin and Assoc., and Hal Real, President and General Council, Data Base, Inc.

National Director's Corner

by: Don L. Dudey, CPCU

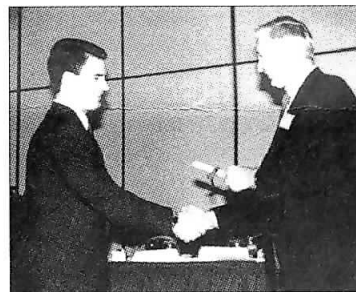


Happy New Year to each of you. The month of December is always very hectic, no mater who you are, between shopping, parties or having families visit. I love this time of year, but I am now glad that it is over and I can rest a little. Well, not really, we have 1997 to look forward to as it allows us to try again on those things we said on January 1996 to accomplish but now on January 1, 1997 we didn't quit make.

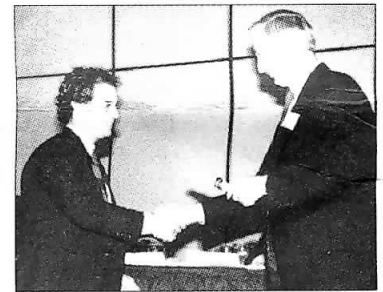
Several areas that I think we all could work toward in 1997:

- Attend two more monthly meetings of my CPCU chapter than I did in 1996. Participation in your Chapter activities is why we are paying our dues. Getting involved is like eating potato chips - you just can't stop once you start eating them. Getting involved with your Chapter is the same way, once you start getting involved in attending meeting, working on a committee or project, or other activity of your Chapter, you will find that the satisfaction is well worth your time.
- Become a personal sponsor. Your Chapter like many chapters teach IIA/CPCU courses to hundreds of individuals each year. Some are experienced insurance professionals like yourself but there are many who perhaps for the first time in their life have begun a course of study and don't really know what they have gotten into. Here is where you could really excel. Sponsor one of these individuals, counsel them and provide encouragement for them to complete their chosen program. Just a few minutes to an hour per week is all that it takes to help someone else accomplish what you have. Be a personal sponsor.
- Remember our Code of Ethics we all agreed to when we became a CPCU. To act professionally and ethically in all our business as well as personal endeavors is utmost to our profession. If you do not have a copy of our Code of Ethics, I would suggest you contact your Chapter officers for a copy, then review it's stated principles. Remember, March is Ethics Month where we try to revitalize yourselves toward these principles, but there are eleven other months that we must continue our vigilance in applying these principles.

Walter E. Farnam, Chairman and CEO, General Accident Insurance, presented diplomas to our 1996 new CPCUs at the November 4th Philly I-Day.



Brian C. Block, CPCU



Joseph J. Campbell, CPCU



Harvey Carver, III, CPCU



B. Louise Flemming, CPCU congratulated by Phila. Chapter President Bruce Tuttle, CPCU.

Project InVest

by: Anne Kopanski, CPCU



A Commemorative donation was presented to Santee Ruffin, Ph.D., Cluster Leader, Jesse Gardner, Ph.D., Principal; and Barbara L. McCreery, B.A., M.A., M.S. of Germantown High School, by the Philadelphia Chapter of CPCU, Anne M. Zug, Chair, Spencer Education Foundation (RIMS); and Hsuan Shiang Wu, Esq., CPCU, of CPCU and Philadelphia Chapter of the Risk and Insurance Management Society. The presentation was an opportunity for the fund raising organizations to meet with senior representatives of Germantown High School.

This year's funding was used to purchase a computer, gain access to the internet, and to technology currently being used in the workplace. By using the equipment, the students can access national and international sites. Students can communicate with other Project InVest classes, across the country so they can improve their written communication, critical thinking, and problem solving skills. Access to this technology will open new venues to students who do not otherwise have access to computers or the "Net."

Project InVest was founded in 1970 by the Independent Insurance Agents of Los Angeles as a training program to prepare individuals for careers in the insurance industry. Since that time, the program has been constantly revised and receives broad industry and professional association support.

The overall goal is to increase high school student's understanding of viable career options in the insurance and risk management profession. Students learn the basic concepts of insurance and how insurance products and services are necessary for themselves, their families and businesses.

The major objectives of Project InVest (Insurance Vocational Education Student Training) are:

1. To prepare students for responsible business and office careers, emphasizing the insurance industry;
2. To develop the skills, knowledge, and attitudes that encourage advancement on the job;
3. To introduce students to the concepts of the American Free - Enterprise system.

The program teaches basic business skills and introduces insurance carrier opportunities, by simulating in the classroom an insurance agency and home office company. In Project InVest, students form and operate their own simulated automobile insurance agencies and company home office. By doing so, they gain experience in conducting a full range of insurance operations, including, processing applications, rating, accounting, claims handling, and accident investigation. Students learn about the choices involved with the purchase of insurance and as well as risk costs and alternatives.

Insurance Professionals, from various disciplines are guest speakers to further explore practical applications and career opportunities. An advantage of this program provides is that not only is there a textbook view of the insurance industry, but an interactive one by bringing the industry into the classroom.

Barbara McCreery, Charter Coordinator said, "The students appreciate the donations of desks, cabinets and equipment. We were able to supply students with materials and supplies that they would not have otherwise. Please thank everyone for me." So, if your office plans to clean up and spruce up, please donate your "extra" or no longer needed office supplies, equipment or furniture to Germantown High School's Project InVest. Please call Mrs. McCreery at 215-951-4098, to coordinate the arrangements.



Left to right are: R. Bruce Tuttle, CPCU, President, Phila. Chapter of CPCU, Hsuan Shiang Wu, CPCU, Treasurer, Phila. Chapter of CPCU, Anne Zug, Chairperson, Spencer Education Foundation, Jesse Gardener, Ph.D., Sandee Ruffin, Ph.D., Barbara McCreery all of Germantown High School and Anne Kopanski, CPCU, First Vice President, Phila. Chapter of CPCU.



Jesse Gardner, Ph.D., Principal of Germantown Academy, thanks the chapter for our partial funding of the Project InVest program at the December meeting.

December Meeting Recap

by: Stephanie D. Ladson, CPCU



Our December 19th meeting began with a special presentation from the CPCU Philadelphia Chapter to "Project InVest" of Germantown High School. The presentation was to celebrate the Philadelphia Chapter's 5th anniversary of supporting "Project InVest." Present to accept the grant given to "Project InVest" were Anne M. Zug, Chair, Spencer Education Foundation (RIMS), Santee Ruffin, Ph.D., Jesse Gardener, Ph.D., and Barbara L. McCreery, B.A., M.A., M.S. of Germantown High School. The grant was presented by Anne Kopanski, CPCU of the Philadelphia Chapter. Anne is first vice president and chair person of "Project InVest."

Next we were honored to have as our feature guest speaker, Lawrence G. Brandon, CPCU, AIM, ARM. Mr. Brandon is a novel author and speaker of the future. He is a 1957 graduate of Holy Cross, Worcester, Mass. He has a master's degree in organizational behavior from Temple University. In 1974 Mr. Brandon joined the Institute in Malvern, PA. He is presently a member of the Board of Trustees of the American Institute for CPCU and the Insurance Institute of America and of the Board of Directors of the Quality Insurance Congress. Mr. Brandon is the president and COO of the Institutes. He holds the top professional designation of Chapter Property Casualty Underwriter (CPCU). Mr. Brandon has received numerous awards and has made numerous presentations in the United States. He has presented papers on the subject of the future in Australia, Belgium, Canada, China, Hong Kong, Singapore, South Africa and Taiwan. He has appeared on a number of radio and television shows and his 1984 book "Sound a Clear Call" was well received by the insurance business, translated in Chinese and more than 10,000 copies were sold in mainland China.

Mr. Brandon discussed with us his latest book "Let the Trumpet Resound." In his book he gave a very compassionate view of what it will take to flourish in the world of tomorrow, how we should prepare now for the future, what 10 skills you need for success in the future, what issues currently confront the insurance and risk managers arena, and how can the profession make the best use of advanced technology. Some of the areas covered were insurance industry weaknesses: lack of leadership, poor communications, lack of customer focus, too bureaucratic and unhealthy competition.

Some of the other areas discussed that will affect the future of the insurance industry were: more flexible organizational structures, continued downsizing, the skills needed: computer, financial, communications, technical, management, sales, business, learning, team work, and interpersonal. Mr. Brandon pointed out that this is a period of political and economic stability but with a great concern over instability, crime, drugs, the education system and values. In Mr. Brandon's opinion, society's biggest problem right now is greed, and communications and computers will be the biggest change in the next 25 years. The issues that Mr. Brandon covered in his book have an impact on both our personal and business lives as well as being insightful. This is a book we should all read. After the meeting Mr. Brandon signed copies of his book for those who had purchased it.

The meeting ended with all members being asked to participate in the chapter's first annual, holiday charity drive. This year's Big Sisters of Philadelphia was chosen as the recipient.



Larry G. Brandon, CPCU, President and COO of the Insurance Institute of America, makes a presentation at the December meeting as he discusses his latest book: Let the Trumpet Resound: The Insurance Industry in the 21st Century.

We Have Some September CPCU Course Completers to Congratulate and Welcome to the Chapter!

Congratulations to the following 10 people who have earned their designation by passing their final course exam in September. Welcome to the Philadelphia Chapter and we hope you will all become active Chapter members.

- | | |
|-------------------------|-----------------------|
| Anthony F. DiBernardino | Johnson & Higgins |
| Robert J. Florio | Transamerica Ins. Fin |
| Bruce R. Givnish | Johnson Kendall John. |
| Barbara A. Herrman | Colonial Penn Group |
| Edward S. Hochberg | PMA Reinsurance |
| E. Jeff Johnson | Willis Corroon Corp. |
| Edward W. McVey, Jr. | Reinsurane Solutions |
| Michael P. Moran | Towers Perrin |
| Richard Brian Wetzal | State Farm Companies |
| Myung S. Wohn | General Accident Ins. |

Fire Safety Essay Winners Receive Their Awards



Holding their awards are the Council Rock School District winners of the thirteenth annual Fire Safety in the Home essay contest sponsored by the Philadelphia Chapter of the Chartered Property and Casualty Underwriters (CPCU) Society. First row from the left, 1st and 2nd grade level: Adam Hauptman (1st place), Andrew Budwin (most creative), Lindsey Frazier (2nd place), and Alyssa Bruno (3rd place). Second row, 3rd and 4th grade level: Ryan Foster (1st place), Ashley Lewis (most creative), Jill Pawlenko (2nd place), and Farrah Moldover (3rd place). Third row, 5th and 6th grade level: Ashleigh Jones (1st place), David Steinberg (most creative), Jessica Cickay (2nd place), and Lauren Wright (3rd place). Adults: Left, Bruce Tuttle, CPCU, President, Philadelphia CPCU Society, Pete Palestina, CPCU, Secretary, Northampton Supervisors and contest coordinator, and Charlene Miller, School Board President.

The awards were presented at the Council Rock School Board meeting of November 21st. First place and most creative finishers received a \$100 U.S. Savings Bond and a plaque. Second and third placers received a plaque. The students also received plaques and citations from the Northampton and Newtown Township Boards of Supervisors, Newtown Borough Council and State Representative Roy Reinard at the November 27th Board of Supervisors Meeting held at Northampton Township.

The essays were written during National Fire Prevention Week in October. All students in the Council Rock elementary schools were eligible to participate.

DIRECTORY ALERT

by: Karen E. Willmann CPCU



The Philadelphia Chapter CPCU Society is currently developing their 1997 Membership Directory including the new designees for January 1997. Please look at the mailing label on this newsletter and contact the CPCU Society with any changes to our name, organization or address. Please provide me with a fax and/or e-mail address if you would like us to include them in our listing. Purchase your camera ready or business card size congratulatory ad NOW.

If you do not want your preferred address and phone numbers to be listed please contact me before April 15, 1997.

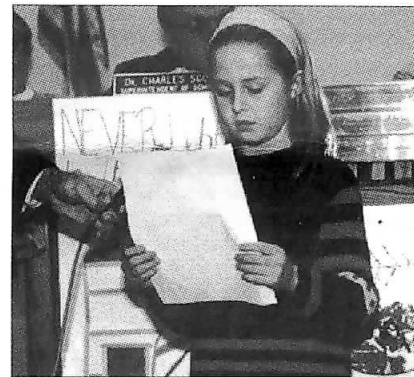
Karen E. Willmann CPCU, Directory Chair, Box 421; Westtown, PA 19395-0421. E-mail to: kew@worldaxes.com.



Adam Hauptman reads his first place essay.



Ashleigh Jones reads her first place essay.



Ashley Lewis reads her most creative award winning poem.

First Essay Contest Held in Cherry Hill

by: Val Ullman Katz, CPCU

The first annual Cherry Hill Fire Essay Contest sponsored by the Philadelphia Chapter of CPCU was held this fall for the Cherry Hill New Jersey Elementary Schools.

We had participants in the third, fourth and fifth grades. The presentation of the awards will be held at the February School Board Meeting.

The panel of four judges, all Cherry Hill residents and two CPCU members, selected the following winners:

Grade Three

First Place	Erica Greenberg	Sharp School
Most Creative	Aliana Katz	Kilmer

Grade Four

First Place	Laura Hill Casey	Sharp
Second Place	Elizabeth Sosi	Kilmer
Third Place	Rebecca Hill	Sharp
Most Creative	Christina Hunkins	Paine

Grade 5

First Place	Miriam Dratman	Mann
Second Place	Matt Lewis	Mann
Third Place	Jennifer Vosbikian	Mann
Most Creative	Jung Kim	Kilmer

Here are the 1996 "Fire Safety in the Home" Essay Contest Winners from Council Rock School District

1st and 2nd Grade Categories



1st Place Winner
Adam Hauptman, Hillcrest Elementary

3rd and 4th Grade Categories



1st Place Winner
Ryan Foster, Newtown Elementary

5th and 6th Grade Categories



1st Place Winner
Ashleigh Jones, Goodnoe Elementary



Most Creative Winner
Andrew Budwin, Holland Elementary



Most Creative Winner
Ashley Lewis, Hillcrest Elementary



Most Creative Winner
David Steinberg, Churchville Elementary



2nd Place Winner
Lindsay Frazier, Rolling Hills Elementary



2nd Place Winner
Jill Pawlenko, Rolling Hills Elementary



2nd Place Winner
Jessica Cickay, Goodnoe Elementary



3rd Place Winner
Alyssa Bruno, Hillcrest Elementary



3rd Place Winner
Farrah Moldover, Churchville Elementary



3rd Place Winner
Lauren Wright, Rolling Hills Elementary

January Meeting Recap

by: Larry Gross
and Lilly Cowan

At the January meeting at the DoubleTree Hotel, held in conjunction with the Pennsylvania Defense Institute, CPCUs and their guests had an opportunity to tune in to a different perspective about insurance fraud and its impact, from two of the principles in the battle to contain it. Lynn Abraham, District Attorney of the City of Philadelphia, and Andrew F. Susko, Chair of the Insurance Fraud Practice at the Center City firm of White and Williams described conditions that cause insurance fraud to have broad societal effect as well as what measures are under way to control it.

Abraham, who in addition to her six years with the District Attorney's office has served as Judge of Philadelphia Municipal Court and the Court of Common Pleas, noted that insurance fraud has long been recognized as a problem by judicial and law enforcement agencies in the Philadelphia area, but indicated there have been insufficient resources to deal with it. However, she indicated insurance fraud has become a "hot topic" of discussion in Pennsylvania as throughout the rest of the country because the costs are borne by all consumers, and cited both media and legislative attention to the problem.

District Attorney Abraham felt that the extent of the uninsured driver problem is that Philadelphia contributes to the problem but cited other sources as well. Other major fraud problems in this area included planned auto "theft", false worker's compensation claims by city employees, arson involving cars and vacant buildings that is motivated by insurance recovery, health care false billing, and murder for the sole purpose of insurance proceeds.

In her view, there are two factors that have contributed to the propensity of insurance fraud. First, insurance companies have traditionally paid, rather than contest questionable claims because of the lower cost not to litigate. This is coupled with a public attitude that the risks of prosecution and criminal penalties are less than the potential benefits of high cash award for the individual that would engage in fraud.

Abraham cited that there are signs of progress in the fight against insurance fraud. The District Attorney's office in Philadelphia is the first in Pennsylvania to establish an Insurance Fraud Unit. Despite that development, insurers must get involved and use their resources to assist prosecutors in enforcing the laws against fraud.

While prosecutorial delays may occur due to allegations of bad faith against an insurer, Abraham suggested certain advantages of referring the fraud matter to the District Attorney's office. The District Attorney has the legal authority to use asset forfeiture as a tool, as well as other legal remedies, such as criminal penalties and restitution.

District Attorney Abraham observed, in closing, that despite new statutes effected into Pennsylvania law to deal with insurance fraud, the effort to prevent or even reduce insurance fraud is complex. This effort must balance with the competing interest of availability and affordability of insurance for all those in Philadelphia who require it.

Andrew Susko cited District Attorney Abraham's efforts to reduce the problems in insurance fraud in the Philadelphia area, and recognized that statistically, Philadelphia leads the country in auto related insurance fraud by significantly exceeding the national average for property damage claims resulting in bodily injury. Mr. Susko, a trial attorney who concentrates in the areas of insurance fraud, indicated that it is an attitude of making false claims and not getting caught, or risking little penalty, that underlies the problem evident in the statistics.

Mr. Susko presented that there are statutory weapons available to fight fraud and described the elements in common law to identify what is necessary to prove civil fraud and the degree of specifics attached to each element. Susko cited that most cases involve false statements on applications that would constitute concealment or an omission.

While time did not permit Mr. Susko to discuss all the information included in his comprehensive handout, "Fraud in the Insurance Industry", he did address that New Jersey and Pennsylvania claims fraud statutes were being used in increasing frequency in first party cases and that determining a pattern of fraudulent conduct could result in treble damages. He also noted that in cases where there is claim fraud, courts have held as a matter of law that no bad faith may exist where there is a reasonable basis to deny a claim.

Both speakers focused on the fact that cooperation between insurers and investigative agencies is necessary to successfully prosecute fraud under the law, and to change the attitude that the reward is worth the risk.



Art Hanebury speaking at the first meeting (January) to kick off the Chapter's 50th anniversary.



Philadelphia District Attorney, the Honorable Lynn Abraham and Andrew Susko, Esq., Chairman, Insurance Fraud Practice Group and partner, White and Williams, addresses the membership at our January meeting on the subject of "Fraud in the Insurance Industry."

From the Boardroom

by: Bernadette Fuller, CPCU, Chapter Secretary

- Continuing Education Credits will be offered at the April Breakfast meeting.
- Norman A. Baglini, CPCU, of the Institute will speak on Ethics, April 17, which is when the chapter will be celebrating National Ethics Month.
- The Valley Forge Chapter will coordinate the summer social that is held with the Philadelphia Chapter. The date and place will be announced later.
- The Chapter is exploring the possibility of hosting an evening dinner program in April at Bucks County Community College. This will be in addition to the monthly Breakfast Meeting. The suggested topic is "Personal Insurance."
- Past presidents of the Philadelphia CPCU Chapter will help commemorate the Chapter's 50th anniversary by speaking about significant historical chapter events at the beginning of each Breakfast Meeting.
- The Philadelphia Chapter is working on a WEB page on the internet.
- The February program is lined up with a risk manager from Asplundh Expert Tree Co., the company's insurer Reliance, its broker, A&A and their TPA, Crawford.
- Peter Palestina was nominated as interim Director to fill an unexpired Director's term.
- The recipient selection for the Franklin Awards should take place mid January and the first week of February.
- The Northampton CPCU Philadelphia Chapter fire contest awards was televised on Cable TV.
- The Philadelphia Chapter is considering making a bid to host an annual meeting the year 2008. The Chapter will host the meeting in conjunction with neighboring Chapters such as Valley Forge, Reading, and perhaps Brandywine. Dallas will be hosting next year's annual meeting.
- The Philadelphia Chapter's education chair, Anne Kopanski, participated in Cigna's Professional Development fair to promote CPCU and reinforce Candidate Development. There were approximately 200 people who attended.
- There will be a teleconference on "Insurance through the Internet". Registration is available on line.



From the Editor

by: Peter Palestina, CPCU

The Good Old Days

This is the 13th year I have been editor of your Chaptergram. That is a long time and yet that time has gone by so quickly. When I had to come up with something to write about in the column for this issue. I decided to take a look at what I wrote about during my early years as an editor. For those of you that suffered through previous hard market cycles, I came up with a column I did 12 years ago this month back in the March 1985 Chaptergram which is reprinted below. In addition, the Seepy Seeyou cartoon is reproduced as being a sign of the times. So if you think today's soft market is frustrating, would you rather go through the stress exemplified below or deal with the stress of the current market? I guess if you are in the E&S side of our market, you long for the 1985 scenario. As for me, either way is about the same, but wouldn't it be nice to enter an extended normal market for a change.

From the Editor 1985 Revisited

Well here we are approaching the end of the first quarter of 1985 and as predicted, things are not getting better. Those agents and brokers retaining their renewals are making more money but enjoying it less. Pity the poor agent who is losing renewal business and not writing enough new accounts to offset it. On a personal level I have found many clients are angry over their premium increases, but if they were informed or educated about the state of the industry in advance, the majority of them appear to accept the increase more gracefully. No doubt that 1985 is going to be a trying year for the agent, underwriter, risk manager and ultimate consumer.

It seems that the underwriter today is being more creative and I don't mean that in the positive sense. They are running scared and are creating any reason under the sun to not write a risk instead of looking for reasons to write it. I heard from an agent about a company that refused to go back on a workers' comp line that they had for eight consecutive years barring the last two. The insured was coming off the last two years with a 1% loss ratio. The company in question, during the 8 years they had it, never incurred a loss ratio over 27% and in 6 of those 8 years the loss ratio was less than 5%. The reason given by the underwriter was, now get this....."An employee could get a piece of metal in his eye." This is the same company that is writing all this client's other insurance and who more than doubled the package premium and increased the auto by 35%.

An appeal to the branch manager did not help. Now here is a case where a profitable account has been raked over the coals and the agent had to put up with idiotic reasons for not writing the best part of the account. Needless to say the agent placed the comp with one of several other companies who were willing to write it unsupported, deviated and under a par plan. If I were an underwriter and my total book of business was comprised of accounts like this over the last 10 years I would more than likely be the president or CEO of my company. But I guess we are all going to have to put up with these kinds of things until we ride out the storm.

I don't want to leave you with the impression that I'm putting the blame for our woes on the companies as we are all to blame for what has happened. I simply wanted to point out one of the more ridiculous things that help make an otherwise tough situation even worse.

You may especially enjoy this issue's "Seepy Seeyou" cartoon as it very well may be an example of how the consumer pictures our industry today.

I would like to leave you with this message. Probably the most important thing you can do for ourself to cope with our industry's problems is to continue your education by taking one or more of the various courses offered by the institutes and the insurance Society and encourage your fellow employees to do the same. You would also be wise to attend our monthly meetings and bring along your associates. You will learn more about what is happening while exchanging ideas with your peers.

A Legend Reprinted from the September 1984 Chaptergram

One night in ancient times, three horsemen were riding across a desert. As they crossed the dry bed of a river, out of the darkness a voice called, "Halt!"

They obeyed. The voice then told them to dismount, pick up a handful of pebbles, put the pebbles in their pockets and remount. The voice then said, "you have done as I commanded. Tomorrow at sun-up you will be both glad and sorry." Mystified, the horsemen rode on. When the sun rose, they reached into their pockets and found that a miracle had happened. The pebbles had been transformed into diamonds, rubies and other precious stones. They remembered the warning. They were both glad and sorry, glad they had taken some, and sorry they had not taken more.

And this is the story of insurance.

Help Us Win First Prize!

A Message from Rina Williams, CPCU
Have You Paid Your Membership Dues Yet?

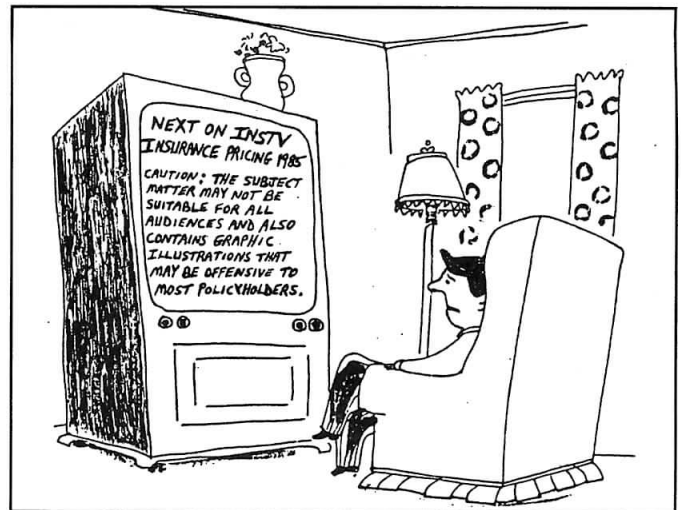
If not, contact a membership committee member
or the society for an application, fast!!



Rina Williams	215-592-6623	Courtney Algeo	610-962-4935
Denise Forbes	215-928-3541	Bernadette Fuller	610-320-6951
Jim Fryer	610-644-2100	Angela Grodanz	215-625-1639
James Jones	215-761-3368	Frances Pommer	609-547-5754
Keith Powell	215-784-1918	Chuck Walker	609-784-7500
Bill Wares	215-496-2700, ext. 7097	Patrick Watland	215-569-5290

CPCU Society 1-800-932-2728

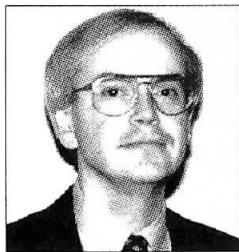
THE ONGOING SAGA OF "SEEPY-SEEYOU"



Reprinted from March 1985 Chaptergram

October Meeting Recap: Catastrophe Losses

by: James F. Fryer, CPCU



Chapter President Bruce Tuttle, CPCU welcomes some of the new CPCUs at the chapter hospitality suite after the November 4th Philly 1-Day ceremony. Bruce, along with chapter officers and directors, brought those new members up to date as to what the chapter is all about and encouraged everyone to get involved.

One would not ordinarily think of catastrophe while having a lovely breakfast; however, this topic provided a good deal of "food for thought" at the October chapter meeting.

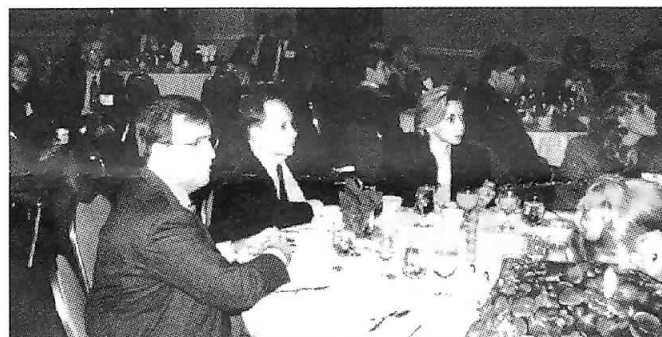
A panel of speakers consisting of Gary R. Kerney of Property Claims Services; Richard W. Krimm of FEMA (Federal Emergency Management Agency); and George Segelken of CIGNA Property and Casualty discussed what is (and isn't) occurring in the United States in dealing with catastrophe losses.

Gary began the discussion with some interesting statistics. Since 1989, there has been about 70 billion dollars worth of catastrophe losses in the U.S. This figure is doubling every decade. He also noted that by the year 2010, the projection is that 75% of the U.S. population will live within 10 miles of the coast. Currently, 25% of our population live in Florida, California, and Texas.

Dick Krimm took the podium next and began with a frightening statistic. The northridge earthquake cost a total of 9 billion dollars in taxpayer money; by most accounts, that earthquake was not a big one. One projection has as serious earthquake in a populated California area costing in excess of 100 billion dollars. Dick spoke of FEMA's efforts to provide catastrophe mitigation, that is, teaching people about flood plains, construction, etc., in an effort to take preventive steps and remove people from harm's way. FEMA spent 2 million dollars in 1996 for mitigation, even buying people out of homes that are in bad locations (a small cost in comparison to what it would be if a catastrophe hit).

George spoke of the declining share paid by reinsurers in catastrophes. He quoted stats that reinsurers handled 43% of Hugo's losses, 33% of Andrew's, and only 21% of Northridge. He noted that since reinsurers are cutting back, primary insurers are holding more risk as regulators will not permit them to cut back or shift the burden to the insured through larger deductibles.

The panel then turned the podium over to audience questions. Overall, the meeting was very informative and enlightening.



Some of the members at the October meeting.



Left to right are the speakers at our October meeting on the topic of "Catastrophe Losses" Gary Kerney, Asst. Vice President of Property Claims Services, Richard W. Krimm, Acting Associate Dir. for Mitigation of FEMA and George Segelken, Asst. Vice President, Ceded Reinsurance Placement for Cigna.

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