



PHILADELPHIA CHAPTERGRAM

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GERALD A. ISOM TO RECEIVE FRANKLIN AWARD ON MARCH 19th

Reports: JO BATTISTI, CPCU, COMMITTEE CHAIR

The Phila. Chapter has selected Gerald A. ISOM, President of Cigna Property and Casualty Insurance Company as the Franklin Award recipient for 1998. We will have an exciting award ceremony and luncheon in Mr. Isom's honor. Philadelphia Mayor Ed will be invited to speak but his presence has not been confirmed as of this writing.. Won't you please attend if your schedule permits. You may use the form below to order your tickets. Call 215-627-5306 for further information.

The Philadelphia Chapter of the CPCU Society Proudly Presents THE SIXTEENTH ANNUAL FRANKLIN AWARD

The Award Will Recognize

GERALD A. ISOM

President, Cigna Property & Casualty Co.
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

Broad and Locust Streets, Philadelphia, PA

Thursday March 19, 1998

Cocktails 11:15 a.m.Lunch 12:00 p.m.

Keynote Speaker (yet to be confirmed):

Philadelphia Mayor ED RENDELL

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

Full tables of ten (10) or half tables of five (5) 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 17, 1998

Name(s): _____

Firm: _____

Address: _____

Phone: () _____ Contact: _____

Amount Enclosed: _____

MARCH 1998 IS ETHICS AWARENESS MONTH

Next month we celebrate Ethics Awareness. In honor of the occasion, our Chapter President Anne Kopanski has prepared the scenarios shown on page two for your review and thought process. The scenarios are from the Insurance Institute For Applied Ethics.

New Designees "Class of September, 1997"

Congratulations to the following 14 individuals who completed their CPCU courses by passing their final exam this past September. We hope to see all of them at our chapter meetings and encourage each to get involved in Chapter activities.

Patricia Downey, General Accident

Thomas P. Furman, Allstate

Clive R. Heath, ECS Claims Administrators

Karen L. Jamison, NJ Department of Insurance

David R. Mac Lean, Metropolitan Life Insurance Company

Paul Josph Macolino, William J. Flynn Corp.

Kristen Elizabeth McCuen, CIGNA

John M. McCune, Reliance National

Christina M. McGarrigle, Reinsurance Solutions

Lynn R. Stanley, CIGNA

Sharon E. Stevenson, ECBM

Deborah J.Somers, CIGNA

Barbara A. Theobald, State Farm Companies

Duane A. Wohlgemuth

CHECK OUR WEBSITE FOR INFORMATION AND OTHER ANNOUNCEMENTS

If you need to get updated meeting information or need to contact an officer or director of the chapter, you can visit our Website one of two ways. The first is by going through the Society's site at www.cpcusociety.org and clicking on the Chapter and Website Sites button. Look for the Philadelphia listing or visit many of the other available Chapter sites around the country. The more direct way is to log on at

www.cpcusociety.org/members/chapters/websites/chap_pages.isc?id=phila

Once at our site you will find a listing of officers, directors and committee chairs with phone numbers. You can also e-mail us with questions or concerns. The chapter is currently working on ways to expand and improve the site and it should all happen by the summer.

The Chapter is looking for a good works project. If you know of such a cause, call Anne Kopanski (215-884-2525) or Pete Palestina (215-364-3000).

Ethics Scenarios

XYZ Company is attempting to underwrite Eve Smith for the purpose of determining whether or not to issue an automobile insurance policy to her. Eve is currently separated from her husband, Adam. Adam left the household approximately four months prior to Eve's request for auto insurance. The vehicle she is operating is titled in the name of her separated spouse. It is this vehicle which she is attempting to insure in her name only. In the course of their investigation, XYZ discovers that Adam has two DUIs, which they were unaware of Based upon Adam's driving record- and not Eve's - XYZ refuses to underwrite Eve. XYZ sends a letter to Eve advising only that she is refused a policy of insurance based upon records received from the Motor Vehicle Bureau.

Questions

1. *Has Eve been unfairly discriminated against?*
2. *Does XYZ owe an obligation to Eve to reveal the DUIs of Adam - which Eve was not aware of?*

Ethics Scenarios

XYZ Company is underwriting Eve Smith. Eve has indicated on her auto insurance application that she has no prior losses. The agent forwards the application to Underwriting. He states that he is unaware of any prior losses, but indicates he has heard a rumor to the contrary. XYZ requested a motor vehicle record report. During the course of their investigations, the XYZ underwriter receives a call from an anonymous source. The source states he was a passenger in Eve's car when she had a one-car accident in another state (nameless). He states she did not disclose this loss for which she received a traffic citation. Based upon the phone call, XYZ refuses Eve an auto policy, even though the MVR did not reflect prior, chargeable accidents within the qualifying period.

The reason given on the refusal to insure letter was: "violation(s) not disclosed."

Questions

1. *Was XYZ entitled to deny the policy to Eve?*
2. *If Eve requested additional information from XYZ underwriters, is there an obligation to:*
 - a. *Reveal the phone call providing underwriting information.*
 - b. *Reveal anything as to the nature of the information gleaned from the caller.*
 - c. *To question the source further or make additional inquiries to corroborate or refute the information provided by the anonymous source.*

Ethics Scenarios

Is an MVR a reliable source upon which to refuse to issue auto insurance?

If so, why?

If not, why not?

The claims department in conjunction with a claim obtains information about a policyholder NOT available to an underwriter for underwriting decisions. The underwriter, in the course of reviewing claims history and details for a renewal decision, discovers that information.

Question

1. *What use, if any, can the underwriter make of that information?*

Ethics Scenarios

In the course of research by an underwriter (or claims person) the services of a private investigator are obtained. Information in the investigator's report, including for example, household income, bank balances, medical history, policy investigations, suggests that the private investigator may have obtained the information illegally/inappropriately.

Question

1. *What should the underwriter/claims person do with that information?*
2. *What should his/her instructions/questions to the private investigator be?*

Ethics Scenarios

A large independent insurance agency, dealing in both commercial and personal accounts, has a large number of files which are active in the agency, all of which contain a substantial amount of personal and confidential information. In order to expand their service to customers, this agency agrees to associate with a life and health agency with the intent that the agency will call on the existing customers, following a referral from the producer, in order to interest them in life, health, group and other miscellaneous products. During this process, the intent is to turn over individual files to agents of the life and health agency so that they can review these files for need prior to making a call on the various customers.

Questions

1. *Since, obviously, much of the information in the files is confidential information, what would be the best way for this agency to handle the process of associating with the life and health agency concerning this confidential information.*
2. *Should they review the files with the L & H producer?*
3. *Should they merely turn the files over with no explanation to the producer for the life and health agency?*
4. *Should they first contact each client and offer them these services over the telephone prior to providing information to the associate agency?*
5. *What else, if anything, should this agency do in order to honor the obligation that they have to their clients not to divulge any of the confidential information in their files? files?*