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**CPCU SOCIETY PHILADELPHIA CHAPTER
HONORS HARLEYSVILLE GROUP CEO
WITH FRANKLIN AWARD**

**Governor Schweiker Declares March 12, 2002,
CPCU Day in Pennsylvania**

The CPCU Society's Philadelphia Chapter honored Harleysville Group Chairman, President and Chief Executive Officer Walter R. Bateman, CPCU, with the Franklin Award on Tuesday, March 12, 2002, at the Radisson Warwick Hotel in Philadelphia. The Chapter presents the award annually to individuals, groups or organizations for outstanding achievements and contributions to the insurance industry in the Delaware Valley. Some 160 plus attended the ceremony.

In addition to the Franklin Award presentation, the Philadelphia CPCU Chapter celebrated the naming of March 12, 2002, as "CPCU Day" in Pennsylvania, as declared by Pennsylvania Governor Mark Schweiker. The proclamation recognizes the contributions of CPCU property/casualty professionals throughout Pennsylvania and their efforts to help foster economic growth.

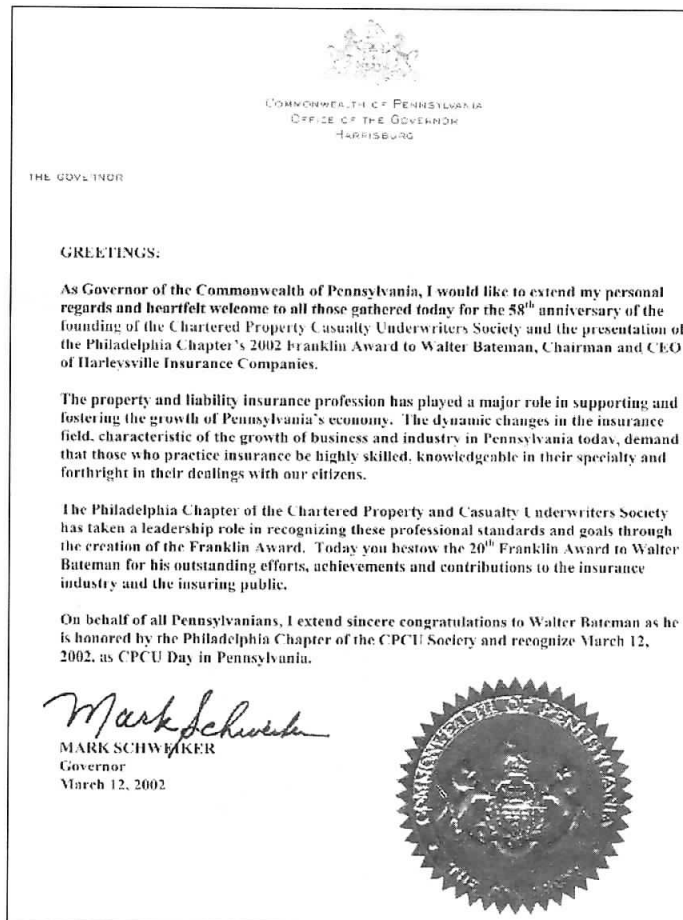
David Manning of Insurance Associates in Rockville, Maryland, introduced Bateman for the award. "As an agent, I get to interact with a number of companies and I know that underlying every company's actions is a culture-a set of values-that starts at the top of that organization," he commented. "I can tell from my interactions with Harleysville people that Walt Bateman has created a culture of respect for agents, and, because of that, he has created trust of Harleysville by its agents."

In his keynote address, Bateman discussed the ripple effects of the September 11 terrorist attacks on the insurance industry. "Clearly the shock of September 11th was so great that it has forced a re-examination of price adequacy and the intensity of competition within our industry," he explained. "That examination has led more than one observer to conclude that the consolidation we've seen among insurance distributors-agents and brokers-will now heat up among insurers themselves...The survivors in our industry will be the high-performing companies, the proficient, professional and disciplined underwriting organizations. In the long run, the viability of any company, including any insurance company, rests on how well it conducts its basic business." (Bateman's full presentation is available upon request.)

The Franklin Award, first instituted in 1983, evaluates nominees on their contributions to the property/casualty insurance industry in the Delaware Valley. Contributions are considered in the following categories: continuing education, research, promotion of insurance through civic and non-civic activities, volunteerism, industry innovation, legislative activities, and leadership.

(SEE PAGES 4 and 5 FOR ADDITIONAL PHOTOS)

*Right: Jim Marks,
CPCU, Executive VP
of the Society read
the proclamation by
Pennsylvania
Governor Mark
Schweiker declaring
March 12th as CPCU
Day in Pennsylvania.*



Above: Governor's Proclamation - March 12, 2002 CPCU Day in PA



THE PRESIDENT'S COLUMN

By: Val Ullman-Katz, CPCU, President

This is my last column as Chapter president and I would like to refrain from repeating all of the trite epitaphs that goes with the territory – "it was challenging, rewarding, great experience etc."

Rather, I would like to share my feelings about CPCU. I was afraid that we were becoming dinosaurs. Many times I voiced how in the early years of my career all of the senior statesmen were CPCUs and how today, very few even recognize the designation. At first I thought that it was self protection - by not acknowledging the hard work and perseverance it takes to achieve the designation it could be ignored. But after two years of serving as president, speaking with industry leaders, drumming up member attendance, I believe I have found the root cause of the falling interest in achieving the designation.

It has nothing to do with our company support or time. We are the cause. Each CPCU who does not mentor another CPCU in our companies, attend a few CPCU meetings, workshops, seminars, I-Day, community events, whatever promulgates failure for us all.

Each CPCU who does not care enough to make sure that he/she gets a return on the investment of hard work studying and taking exams hastens our demise.

When the Society announced its new grass roots campaign, I was skeptical of the validity of the criteria for each Chapter. What was National for, if not to pave my way. I dislike performing for gold stars. I like doing what my head and heart tell me is right and good and makes me a little better today than yesterday.

But now, I see that the Society's hope for our survival is all tied together in this campaign. It is dependent upon each of us espousing our cause - that our CPCU designation helps us stand out from the crowd. The CPCU designation means we strive to be professional, honorable and care enough to make life-long learning part of our daily living. By telling our friends, neighbors, and colleagues that we are CPCUs we invite questions. By sharing our knowledge – proudly – we demonstrate that we value our profession, our craft and hold ourselves to the "highest standards of professionalism and ethical behavior".

I am proud that we are invited to participate in the Special Olympics, United Cerebral Palsy Run and June NAIC meeting. I am honored that by being a member of the Society it is assumed that I hold certain values inextricably high.

The last two years have been a lot of work, sometimes frustrating, sometimes maddening, sometimes making me feel humbled by the worth placed on my association with CPCU.

I intend to be the old lady of the Chapter. I have much to repay to the Chapter and Society for all that it has taught me – will teach me as the years roll on.

Thank you Ann Myhr for being my life preserver, Pete Palestina for always remembering every teeny, tiny detail, Rita Hoffstein for your practical and sound judgement, Bruce Osgood for your wonderful good cheer, Lilly Cowan for working so hard on programs, Rina Williams for always keeping focus, Cindy Williams for your quiet and never ending pursuit of one more seminar, Jim Fryer, Charles Butler, Marty Frappoli for your strong arms throughout your terms, Dave Shepherd for keeping the books straight, Eric Fitzgerald for your continued support, Terry McCarthy Games for your tenacity, TC McDonnell, Art Hanebury and Clint Gillespie for your continued involvement, to Mr. Joseph Gerber of Cozen and O'Connor for being a terrific friend to me and the Chapter and finally others too numerous to mention.

Successful Welcome Event Held January 31st.

On Thursday, January 31, 2002, the Philadelphia Chapter held a Welcome Event at Dave and Buster's. This event was Co - sponsored by the Membership, The Candidate Development and The New Designee committees to welcome New Designees, Candidate Members and Members transferring from other chapters to the Philadelphia Chapter. New Members had an opportunity to meet local and National Officials and learn more about the Chapter. An enjoyable evening was had by all. Our next social event will be the spring Mix and Mingle scheduled for April 25, 2002 which would have already been held by the time you read this.



Left: L-R Ron Arthur, Rita Hoffstein, Courtney Algeo, and Bernie Boscia



Right: Vince Pavil, Val Katz, Akos Swierkewicz and Mike McCarthy.



Right: L-R at the Dave & Buster's social are Jim Finlay, Kim Miller, Jarrod Collins and Deb Daley.



Right: L-R Rina Williams, Linda Newell, Cindy McGee and Storm Wilkins.



Left: Chapter President Val Katz chats with Society's Ron Arthur at the February Dave & Buster's social.



Right: Mike McCarthy and Akos Swierkewicz tasting the vittles at the Dave & Buster's social.

FEBRUARY MEETING RECAP

2002-2007 CPCU Society Strategic Plan Detailed at February Breakfast Meeting

By: Martin Frappolli, CPCU

Why are you a member of your local chapter of the CPCU Society? What do you expect the Society to do for its members, and what is your role? To clarify these objectives, February's Breakfast Meeting attendees were able to discuss the new Strategic Plan with the Executive Vice President of the CPCU Society and with the Society Governor for our region.

Ann Myhr, First Vice President of the Philadelphia Chapter, introduced our two guest speakers – James R. (Jim) Marks, CPCU, AIM, CAE, Executive Vice President, CPCU Society, and Susan Weber, CPCU, National Governor, CPCU Society. Jim has been with the CPCU Society since 1986 and earned his CPCU in 1993; Susan is an Underwriting Manager with Fireman's Fund and earned her CPCU in 1997.

Jim spoke of the earliest days of the CPCU Society, and how it was formed right in the Philadelphia region in 1943. Its original mission, "to foster the aims of the Institutes", has evolved to "meeting the career development needs of professionals who have earned the CPCU designation, so that they may serve others in a competent and ethical manner."

In order to fulfill the mission of the Society, Jim outlined the two fundamental goals. Goal 1 is to "make CPCU the most widely recognized, valued, and highly respected professional designation..." so that the designation becomes a prerequisite for success in the financial services industry. Goal 2 is to ensure that "all Society members have access to a continually increasing number of programs and services that position them for success."

Five Strategies were listed for Goal 1. Strategy 1 is a focus on building personal relationships that will cement the support of employers of five or more CPCUs. Strategy 2 establishes an objective of creating a grass-roots campaign to reach and inform 2.8 million people by the end of 2006. Strategy 3 has a focus on promoting high ethical standards; any contemporary discussion of business and ethics must involve the recent round of accounting scandals, and this session was no exception. Much as the Accounting profession should have the responsibility to find and report improper accounting practices, it is up to the CPCU Society members to police insurance practices. Jim reminded the audience that we are the biggest stakeholders in the value of the CPCU designation, and thus our participation is required in order to keep it relevant.

Strategy 4 emphasizes improvements to the CPCU curriculum, while Strategy 5 involves increasing the awareness of the CPCU designation at the senior management level of 10 key financial services firms by the end of 2003.

Goal 2, concerning access to programs for members, encompasses 3 key strategies. Strategy 1 stresses the need for quality, unique programs to be developed by members and for members. Strategy 2 is focused on access to career development programs. Jim spoke at length about the terrific opportunity the Society has created with certificate programs in conjunction with the National Leadership Institute (NLI). Jim equated these sessions to a "Boot Camp" for leadership development, and several graduates in the audience added endorsements for the program. Finally, Strategy 3 is for the Society to become a "member resource for information sharing and services on successful career management by the end of the fiscal year 2004."

These 2 Goals, and the supporting Strategies, are not just lofty ivory-tower position statements. Jim helped the audience gain a perspective by asking the questions that opened this summary: "What do you expect the Society to do for its members, and what is your role?" He helped supply the answers: "Focus on the results that you want to achieve – career development, fostering ethical practices in insurance, helping others meet personal and career goals – not just holding monthly meetings and publishing newsletters."

A spirited discussion ensued when Jim brought up the topic of education (Goal 2). Although the Canons specify that a CPCU should remain knowledgeable in the field, the Institutes have no continuing education requirement to maintain the CPCU designation. While Jim noted that past studies had shown that most in the membership would oppose a CPD requirement, sentiment in the room was opposite. One audience member, who earned his designation in 1983, would welcome such a requirement that would validate his credentials as current. Others suggested that a CPD requirement could boost membership

participation, since now it is too easy to put the diploma in a drawer once the final exam has been passed. As a compromise, one member suggested that a different level of CPCU be established, to recognize those who have met a CPD requirement.

Susan Weber closed the presentation with an overview of the Circle of Excellence Award, which recognizes all of the varied good works that the Chapters do. Finally, she noted that March is Ethics Awareness Month, which of course is more important than ever in the wake of the recent accounting scandals.

Together, Jim and Susan helped remind us that the CPCU designation is more than letters to hang at the end of you name, and they provided genuine context for the Society's 2002-2007 Strategic Plan's motto, "Insuring Your Success."

CONGRATULATIONS NEWLY ELECTED CHAPTER OFFICERS AND DIRECTORS

During the April 18th meeting the following slate of candidates were elected as your Chapter Officers and Directors for the upcoming year beginning July 1, 2002. They will be sworn in at the June Chapter business meeting.

Officers:

- President: Ann Myhr, CPCU
- 1st VP: Bruce Osgood, CPCU
- 2nd VP: Deborah Somers, CPCU
- Secretary: Rita Hoffstein, CPCU
- Treasurer: David Shepherd, CPCU

Directors (2 year terms):

Cindy Wolkiewicz, CPCU, Mayleen Gallagher, CPCU and Rina Williams, CPCU

Director (1 year term):

Eric Fitzgerald, CPCU (fills the unexpired term of James Fryer who resigned)

N.B. We have 2 Directors who have one year remaining on their terms: Martin Frappolli, CPCU and Charles Butler, CPCU. Ex-Officio member is immediate past president Val Ullman-Katz, CPCU.



Left: Society Ex. VP Jim Marks, CPCU talked about what the Society is planning at the February meeting.



Right: Regional Governor Susan Weber talked about her role and interfacing with our chapter.



Left: Some of the members at February meeting.



Right: L-R Society officials Diane Buben, Jim Marks, Valerie Harchuck and Sue Weber at the February meeting.

The Franklin Award



Above and Below: Attendees flowing in at the Franklin Award



Above: Walter Bateman receives the Franklin Award by presenter Jo Batisti.



Right: Walter Bateman thanked the Chapter for the Award then spoke on the state of the industry.



Above: Chapter PR Chair Terry Games lining up the PR effort just prior to the presentation.



Right: Walt Bateman holds his Franklin Award while Val Katz (L) holds Governor Schweiker's CPCU Day Proclamation and Jo Batisti holds the Mayor's Proclamation.



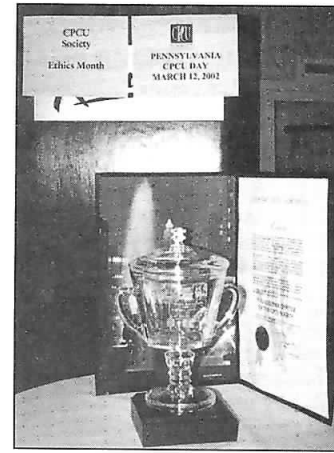
Left: David Manning, President of Insurance Associates gave the audience an appreciation for the traits of Walter Bateman that earned Walter the Franklin Award.



Left: Chapter President Val Katz, CPCU talked about ethics at the Franklin Award noting that March was Ethics Awareness Month.



Above: Head table at the Franklin Award are L to R: Jo Batisti, David Manning, Jim Marks, Ann Myhr, Walter Bateman, Steve Homer, and Val Katz.



Left: On display March 12th were: Franklin Award with Mayor's Proclamation, Ethics Month poster and Pennsylvania CPCU Day poster.

PREVIOUS FRANKLIN AWARD WINNERS

- 1983 Edwin S. Overman, Ph.D, CPCU
- 1984 Mariellen Whelan, Ph.D
- 1985 Thomas Finley
- 1986 George Head, Ph.D, CPCU, CLU
- 1987 John Topoleski, CPCU
- 1988 Eugene Fidell
- 1989 MADD (Mothers Against Drunk Driving)
- 1990 H. Gordon Heile, ARM
- 1991 James H. Bryson
- 1992 Robert A. Clair, AAI
- 1993 H. Wayne Snyder, Ph.D, CPCU, CLU
- 1994 Congressman Curt Weldon
- 1995 Norman A. Baglini, Ph.D, CPCU, CLU
- 1996 Peter F. Palestina, CPCU
- 1997 Lawrence G. Brandon, CPCU, AIM
- 1998 Gerald A. Isom
- 1999 PA Representative Roy Reinard, III
- 2000 Robert S. Seltzer, CPCU
- 2001 Philadelphia Dist. Attny. Lynne Abraham



From your Governor

SUSAN WEBER. CPCU

Spring is finally here. I hope that all of you were able to participate in some Ethics Awareness activities in March. CPCUs live by a high ethical standard and in this time of corporate "scandals" we should feel proud and let this be known both inside and outside the industry.

In April and May your officers and committee chairpeople will begin preparing the submission for the Circle of Excellence Award. As you new, this is a new format, which has combined several awards into one. It is intended to help provide direction to the chapters so that they deliver value to the members and support the Society's strategic goals. I look forward to each of you being recognized for excellence at the Annual Meeting in Orlando.

The 2002 Leadership Summit is being held from May 29 to June 1. You need to sign up soon. This meeting has several purposes:

- The Board of Governors will meet to discuss pertinent Society issues.
- The National Leadership Institute will run all 5 classes. I would strongly encourage you to work toward this certificate. The courses are well taught and very pertinent to today's working environment. It's a way to gain additional skills that will help managers and those aspiring to management. I received my certificate of completion in Seattle and recommend this program highly to you.
- The various interest section committees will be meeting. They will be planning their participation at the annual meeting and also discussing how to make their sections more viable for their members. If you belong to a section, send your feedback to the chairperson of the section prior to May 29.
- The Governors will be meeting with their local chapter representatives. This will be a training session and also a sharing of success stories. I hope that someone from each chapter will attend. I want to know what your chapter's needs are, so I can work to become a better Governor.

As always, if you have questions or feedback please email me at Susan_k._weber@ffic.com



Above: Prior Franklin Award recipients on hand at the Award ceremony with 2002 recipient Walter Bateman. L to R: Norm, Baglini, Larry Brandon, Walter Bateman, Bob Seltzer, Pete Palestina, Gene Fidell, Gordie Heile, Ed Overman and George Head seated in front.

The "Expected or Intended" Exclusion in Pennsylvania – What Does It Exclude?

By: Deborah J. Somers, Esq., CPCU



The purpose of this note is to briefly review how Pennsylvania courts have construed the expected or intended limitation to occurrence-based coverage under most comprehensive general liability policies. It is noted that courts in other jurisdictions have taken widely varying interpretations of this coverage limitation.

It is a fundamental concept of insurance that it involves the transfer of the risk of possible losses from the insured to the carrier. The fortuity doctrine arises from the concept that insurance covers unplanned losses, rather than losses that were planned or intended by the insured. See *Panizzi v. State Farm Mut. Auto. Ins. Co.*, 386 F.2d 600 (3d Cir. 1967), cert. denied, 392 U.S. 937 (1968) (a liability policy provides for a promise to pay in the event of an occurrence of a fortuitous event); *Ostrager & Newman, Handbook on Insurance Coverage Disputes*, Section 8.02 (11th ed. 2002).

The fortuity concept was embraced in the early pre-1966 policies which were written on an accident basis. *Black's Law Dictionary* (5th ed.) provides a definition of fortuitous as "[h]appening by chance or accident. Occurring unexpectedly, or without known cause. Accidental; undesigned; adventitious. Resulting from unavoidable physical causes."

The ISO standard form CGL policy was revised in 1966 and first provided insurance for sums paid as damages caused by an "occurrence". An "occurrence" typically is defined as, "an accident, including continuous or repeated exposure to conditions, which results, during the policy period, in bodily injury or property damage neither expected nor intended from the standpoint of the insured." In some more recent ISO form policies the "expected or intended by the insured" language is removed from the occurrence definition and set forth in an exclusion. The occurrence policy, specifically retains the requirement of an accident, and fortuity. Furthermore, a concept of foreseeability regarding the resulting injury on the part of the insured is added by the expected or intended language.

Early liability policy provisions did not include the term "expected." *Black's Law Dictionary* (5th ed.) defines expect as: "[t]o await; to look forward to something intended, promised, or likely to happen." In *C. Raymond Davis & Sons, Inc. v. Liberty Mut. Ins. Co.*, 467 F. Supp. 17 (E.D. Pa. 1979), the Court explained that intentional and expected occurrences are not actuarially random, rather "[i]ntentional harm is entirely under the control of the insured; 'expected' harm is far more likely to occur than is the 'feared' harm (risk)." *Id.* at 20, quoted in *Ostrager*, section 8.03. Thus, the use of the term "expect" in the occurrence policies was to permit a denial of coverage based on a certain degree of foreseeability. The insurance companies added "expected" to the standard policy seeking to broaden the class of excluded injuries. See *Keeton, Insurance Law*, pp. 299-300 (1971).

While some courts have recognized a distinction between the words "intended" and "expected" within the clause, Pennsylvania has not. The Pennsylvania Superior Court in *United Services Auto Assoc. v. Elitzky*, 358 Pa. Super. 362 (1986), held that the clause was ambiguous and must be construed against the insurer. Moreover, the Court found that tort concepts of foreseeability are not applicable to an insurance agreement, which, as a contract, must be construed in accord with the parties' reasonable expectations. The Court held that "intended" and "expected" are synonymous in an insurance exclusionary clause. The Court held that an insured intends or expects to cause an injury if either "he desired to cause the consequences of his act or if he acted knowing that such consequences were substantially certain to result." *Id.* at 375.

Pennsylvania law is clear that it is not sufficient that the insured's act was intentional, rather the exclusion applies only when the insured intends to cause a harm. The exclusion is inapplicable even if the harm was foreseeable, though not intended. See *Mohn v. American Casualty Co. of Reading*, 326 A.2d 346 (Pa. 1974). In *Mohn*, the Pennsylvania Supreme Court found that medical coverage was available to a beneficiary under a policy who was injured by a police bullet while fleeing from a burglary he was in the process of committing.

Courts vary in their determination of what kind of injuries or harm is excluded where it is established that the insured did intend a harm. Some courts have held that if an insured intentionally caused some harm, then whatever harm results is also considered intentional even if it is of an entirely different character and degree. Other courts have held that it is only the precise injury that was intended that will be excluded from coverage. Under the "precise injury" approach, if a gunman intended to wound a victim by shooting their foot, but missed and fatally shot them through the heart instead, there would be coverage. Pennsylvania, however, has aligned itself with yet a third view, by joining jurisdictions that

hold the exclusion applies to harm of the same general type as that which the insured intended to cause. In the example of the gunman whose "intention never deviated from its wrongful path," the exclusion would apply despite the unplanned fatality. See *Elitzky*, 358 Pa. Super. at 373; *Aetna Life & Cas. Co. v. Barthelemy*, 33 F.3d 189 (3d Cir. 1994) (applying Pennsylvania law) (insured will only be covered if he caused a harm of a generally different type than which he set out to cause).

The insured's intent, in Pennsylvania, is determined by his or her own conscious awareness. The exclusion will not be analyzed, as it is in some jurisdictions, under an objective standard, which evaluates whether a reasonable person would conclude that there was a substantial probability of harm from his or her actions. Instead, a subjective test applies, so that recovery will be barred only if the insured intended the damages or knew that the damages would flow directly from his or her intentional act. See *Elitzky*, 358 Pa. Super. at 379. Where there is particularly reprehensible conduct, however, an intent to injure may be inferred as a matter of law. See *Aetna Cas. & Sur. Co. v. Roe*, 437 Pa. Super. 414 (1994) (court joined with vast majority of jurisdictions in adopting the inferred intent rule in cases involving sexual abuse of a child by an adult).

The exclusion clarifies that the fortuity of the injury is determined from the insured's vantage point. Thus, if there is an intentional act and resulting injury committed by someone other than the insured, the harm may nevertheless be accidental. In *Nationwide Mutual Fire Ins. Co. v. Pipher*, 140 F.3d 222 (3d Cir. 1988), for example, the Court, applying Pennsylvania law, held that a landlord's coverage applied where the landlord was named in an action for failing to furnish secure replacement doors in an apartment dwelling that was under renovation where a painter employed in the building assaulted a resident. The Court explained that the relevant focus is on the injury as viewed by the insured, not upon the perspective of either another actor or the injured party.

Although Pennsylvania courts have found the intended or expected exclusion ambiguous and have construed it against the insurer, the exclusion may operate to bar coverage where it is evident that the insured knew that the damage would result, and where the insured intended damage even though the resulting damage was of a different magnitude. In *American Mutual Liability Insurance Co. v. Neville Chemical Co.*, 650 F. Supp. 929 (W.D. Pa. 1987), the court found that the exclusion barred coverage for pollution by a chemical manufacturer who had been previously cited by the Commonwealth since the subsequent disposal and resultant pollution were recurrences, not occurrences. In *Nationwide Insurance v. Zavalis*, 52 F.3d 689 (7th Cir. 1995), the Court, applying Pennsylvania law, found that the mere fact that the insured's conduct resulted in a much greater magnitude of damage, when extensive burning of astroturf on a football field resulted where the insured had intended to burn onto the turf only the letters "F-O-O", did not mean that the destruction was not "expected or intended." The exclusion, therefore, does not embrace the degree of foreseeability reflected by the term "expected", nonetheless, the exclusion bars coverage where the insured intended to cause the injury or acted despite being substantially certain such injury would result.

Ms. Somers is an associate attorney at the law firm of Mark J. Hill & Associates, P.C., where they focus on insurance coverage, litigation and trial work. The opinions expressed herein are not necessarily those of the law firm of Mark J. Hill & Associates, P.C. or its clients.

CHAPTER PRESIDENT VAL KATZ TO RECEIVE ISOP'S JOHN TOPOLESKI MEMORIAL AWARD

The Philadelphia Chapter is pleased to announce that Chapter President Val Ullman-Katz, will receive the John Topoleski Memorial Award from the Insurance Society of Philadelphia. Many of you knew John who was a Chapter member, dedicated insurance instructor, 1987 Franklin Award recipient and Insurance Institutes grader for many years. This is the first year for this award given to outstanding insurance instructors and we are very proud of Val. In addition to her duties as President of the Chapter, Val has led INTRO, CPCU 5, ARM 54,55,& 56, as well as AIC 35 classes in the Philadelphia area. She also finds time to teach classes as an Adjunct Professor at Rosemont College and at Drexel University. All this, a full-time job, and a wonderful family - Val has truly elevated multi-tasking to an art! Val will receive the Award at the Insurance Society's Award Luncheon on June 26th at the Downtown Club in the Public Ledger Building, Philadelphia, PA.



You Are Cordially Invited

The Hosts

The NAIC

**The CPCU Regulatory and Legislation Committee
The Philadelphia Chapter of CPCU
and
Saul Ewing LLP**

Cordially Invite You to Attend a
Meeting and Reception at the NAIC Conference

Monday, June 10, 2002
3:30 - 5:00 p.m. (Committee Meeting)
5:00 - 7:00 p.m. (Reception)
Philadelphia Marriott
1100 Market Street
Philadelphia, PA

In conjunction with the National Association of Insurance Commissioners (NAIC) Summer Meeting in Philadelphia, the CPCU "Regs and Legs" Committee, the Philadelphia Chapter of CPCU, and Saul Ewing LLP are joining forces to present you with a great opportunity to:

- Learn about the activities of the CPCU Regulatory and Legislation Committee
- Share your insights to make the Committee more valuable to you
- Attend one session of your choice at the NAIC meeting
- Socialize with CPCU members from around the country
- Network with NAIC attendees and invited regulators

Please RSVP by May 31, 2002, to
dburton@saulewing.com
(215) 972-1978
(over for additional information)

The **CPCU Regulatory and Legislation Committee** is dedicated to promoting fair and open communication about federal and state public sector issues and trends. The Committee meets during the quarterly NAIC meetings, produces a newsletter, and sponsors educational seminars.

The **Philadelphia Chapter of CPCU** is 65 years old and still growing. It is the mission of the Chapter to promote insurance knowledge and ethical behavior. It holds monthly breakfast meetings featuring speakers on issues and concerns for the industry. The Chapter co-sponsors Philadelphia I-Day in December, featuring educational seminars and recognition of local new CPCU designees.

Saul Ewing LLP's Insurance and Financial Institutions Practice Group consists of regulatory, business and litigation attorneys, including two former NAIC members, Linda S. Kaiser and Constance B. Foster, both former Pennsylvania Insurance Commissioners. Saul Ewing's Insurance Group represents insurers, reinsurers, insurance producers and other professionals in the industry in matters involving state and federal regulation, corporate transactional matters, and commercial and coverage litigation. The firm has seven Mid-Atlantic offices.

The **National Association of Insurance Commissioners (NAIC)** is an organization of insurance regulators from the 50 states, the District of Columbia and the four U.S. territories. The NAIC provides a forum for the development of uniform and coordinated public policy in a variety of areas affecting insurance consumers and companies, and others in the insurance industry.

The NAIC permits individuals to attend one NAIC session free of charge, though attendees must register on-site. The tentative agenda for the meeting will be available on or about May 8, 2002, and can be accessed at www.naic.org/calendar_of_events/national_meeting/summer. Register at the NAIC Registration Desk at the Philadelphia Marriott Hotel about half hour before the selected meeting begins; final confirmation of meeting room assignments will also be available at that time. You will be required to turn in your name badge at the conclusion of the session you attend, or the NAIC will invoice you for the registration fee.

APRIL MEETING RECAP – ETHICS AWARENESS

THE EMPOWERMENT OF THE INDIVIDUAL:

EXISTENTIALISM AND MODERN ETHICS

By Bruce Osgood, CPCU

For the Chapter's Ethics Awareness Program, our guest speaker for the April 18th meeting was Lorraine Barnes, Adjunct Professor Gwynedd Mercy College and Rosemont College. Responsibility and choice are concepts that we are all familiar with. We have all been taught to act responsibly and make the right choices. Our parents, teachers and the church have all imparted or attempted to impart some guidance on how to deal with these fundamental issues. We may have not realized it at the time, but these were our first lessons in ethics.

The choices that we make in relationship to responsibility are basic to the concept of existentialism, and ethics. According to Ms. Barnes, ethical behavior requires that we make authentic choices in response to injustice. In fact it is our responsibility to do so. But what makes a choice authentic?

An authentic choice is one that is in alignment with our inner compass, that notion of right and wrong that frames the character of who we are as individuals. Only those choices, which are congruent with this inner faith, will result in ethical behavior. All other choices are "Bad Faith". Ms. Barnes defines bad faith as an action in the name of faith that is against authentic values. In the insurance industry we hear much about bad faith but probably never think of it from the perspective of ethics. After all business ethics is an oxymoron ...right?

That makes it all pretty simple then. When faced with a choice just do the right thing. But what do you do when your authentic choice may have negative consequences? It is at these times that we must have the courage to have faith, and trust the lessons we internalized as children. Be true to yourself and accept the responsibility to follow your values.

Exercising choice in this way empowers the individual to achieve positive ways to deal with conflict.

As CPCU's we have sworn an oath to ethical behavior. Individuals making authentic choices to collectively make a positive impact on our industry and society.



Above: Lorraine Barnes passes out questionnaire to be used for presentation.



Above: Lorraine addresses audience at the April 18th meeting

PHILADELPHIA CHAPTER, CPCU

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