

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.

Visit your Chapter website at: <http://www.philadelphiacpcu.com>

CONGRATULATIONS 2002 NEW DESIGNEES

We would like to extend a hearty welcome and congratulations to the following new designees who have successfully completed all of the exam and course requirements as of September, 2001 and will receive their diploma in Orlando at the Annual Meeting:

Damon S. Bendesky	Lawrence V. Dolph
Byeongyong Choi	Maryanne Kehoe
Jarrod K. Collins	Joshua A. Porter

Again, congratulations and all of us here at the Philadelphia Chapter look forward to meeting and working with all of you in the future.

Is Coastal Property Insurance Available?

By: Sharon Ehrhardt, CPCU

Since a series of "Perfect Storms" during the early 1990's, many consumers have encountered difficulties to purchasing affordable insurance for their coastal properties. This writer, as an agent in a coastal community was interested in discovering what company markets were available to other agents. A survey was sent to agents in the many New Jersey coastal communities. The Availability of Residential Property Insurance In New Jersey Coastal Communities research paper is the result of the survey. This survey was mailed to three hundred fifty agents and elicited a response from twenty of them. Results of the survey revealed that it is possible to obtain property insurance, however restrictions often are applied and many policies are written through the excess/surplus lines market. Restrictions include distance to tidal water, minimum deductibles and required wind deductibles. Although the research was done in New Jersey it is most likely this problem is not unique to one state. For a complete copy of the research paper contact Pete Palestina, editor of the Philadelphia Chaptergram at 215-364-3000 or E-Mail peteypal@aol.com.



Left: Sharon Ehrhardt (R)
Authored
Research Project.
See Article

Walter R. Bateman, CPCU NAMED 2002 FRANKLIN AWARD RECIPIENT

The Chapter is pleased to announce that Walter R. Bateman, CPCU, Chairman, President and CEO of Harleysville Group will be the recipient of the 2002 Franklin Award. We encourage you to attend the ceremony by utilizing the reservation form below.



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

The Award Will Recognize

WALTER R. BATEMAN, CPCU
Chairman, President and CEO, Harleysville Group
**For Outstanding Achievement and Contributions
to
The Insurance Industry and Insuring Public**

This Award Will Be Presented
At a Special Luncheon at
The Radisson-Warwick Hotel
17th and Locust Streets, Philadelphia, PA

Tuesday March 12, 2002

Cocktails 11:30 a.m. Lunch 12:00 p.m.

Commentary: David Manning, President, Insurance Associates, Inc.

.....
Please make my reservations for ___ persons at \$40.each
or

Please reserve ___ table(s) of 10, ___ half table of 5
Cost is \$375 for a full table of 10 or \$190 for a half table of 5

Make check payable to:

Philadelphia Chapter of CPCU
P.O. Box 1499, Philadelphia, PA 19105-1499

Deadline: March 7, 2002

Name(s): _____

Firm: _____

Address: _____

Phone: () _____ Fax: () _____

For additional information or questions call Peggy Dence at 215-627-5306



The President's Column

By: Val Ullman-Katz, CPCU, President

Sometimes, especially lately, I feel like the gingerbread man, "Run, run fast as you can. You can't catch me! I'm the gingerbread man." With so many pressures on people today, it is difficult to accomplish all that needs to be done in a day. Just like any monetary investment, we also need to maximize our return on hours engaged in any activity. With downsizing, rightsizing, reorganization, we are all doing more, in less time and are finding ways to work smarter rather than harder.

Family life too has taken a dramatic turn. With kids being involved in sports or dance or music, religious activities and civic responsibilities, weekends are marathons for most. As a CPCU, you are asked to participate in our Chapter activities - breakfast meetings, Mix and Mingles, and Franklin Award Luncheons. How can I justify to you maximizing your time investment - one and one half-hours - 90 minutes, excluding travel time? Easy.

First, lifelong learning. We present to you the newest topics, concerns in our industry. Our speakers are knowledgeable, and recognized as top professionals in their fields. As our industry transforms new skills are needed and each professional must push their outer limits acquiring new competencies and grow. Second, networking. Every industry professional needs to talk to professionals in related disciplines and in other companies. We need to track trends, share experiences and share understandings. None of us may live in a company cocoon. The industry is too dynamic and change too sudden. Third, you owe this to yourself. You need the opportunity to stretch with industry peers.

I hope to see you at our events. May you have a year of abundance.



Above: Chapter First VP Ann Myhr (R) with New CPCU's Debra Daly and Christine Cox and Institute representatives Larry Brandon and Norm Baglini at the Chapter's I-Day reception for out new designees.

Left: Chapter Director Rita Hoffstein, CPCU was at I-Day, recruiting Personal Sponsors for the Chapter. Here she taps Frank Svitek, CPCU for duty.



From your Governor

SUSAN WEBER, CPCU

I hope that all of you had a healthy and happy holiday season. Now it's time to go back to work!

For most of us in the insurance industry today, this is a time of constant change and uncertainty. The decline in the stock market, the terrorist acts of September 11 and their effect on reinsurance, as well as the Enron disaster have further eroded the results of many carriers. Markets are tightening, rates are increasing and availability is decreasing. Many of you are new to the insurance business and may not have experienced this "cycle" which you read about during your CPCU studies.

While this is a time of challenge, I also see it as a great opportunity for CPCUs. The Society and each individual needs to be continually promoting the fact that we are among the best trained insurance professionals - who better to deal with the tough times. We need to increase our visibility in the industry and create an incentive for others to earn the designation. In our daily business dealings, we have the opportunity to influence our business associates to show a preference for working only with those who have a CPCU designation next to their name.

The second goal in the Society's 2002-2007 Strategic Plan states that we will give you access to a continually increasing number of programs and services that will position you on the leading edge and help you succeed. You need to periodically check the website for new information or contact the Society's Member Resource Center at 1-800-932-2728. New items are added every day.

As always, I encourage you to stay/become involved with your local chapters. They are excellent sources for networking, competitive information and friendship.

If you have any questions about the Society or feedback, please write to me at susan_k_weber@ffic.com.

UPDATE ON SPEAKER'S BUREAU ACTIVITY

T.C. "Mac" McDonnell has been communicating with Norm Baglini, who is currently with Department of Risk, Insurance & Healthcare Management at Temple University. It is very likely that T.C. will address university seniors taking Temple University's RMI 359 Class titled, Corporate Risk Management in the Spring term. This class is considered to be a capstone course for seniors who are about to graduate and enter the business world. As part of our grassroots efforts, the chapter members and the speakers' bureau specifically are interested in reaching future insurance customers and business decision makers early in their careers.

T.C. "Mac" McDonnell, CPCU, ARM, AIS is past president of the Philadelphia Chapter and is president of MCDONNELL CONSULTING. MCDONNELL CONSULTING is a management consulting organization with two primary product lines. One of these product lines is accident prevention and control consulting for employers and businesses. The other product line is delivery of customized training programs to the insurance carriers. Additional information about TC and MCDONNELL CONSULTING is available at www.mcdonnellconsulting.org.

How The Internet Is Changing The Business of Insurance - Help Vs Hype

By Bruce Osgood, CPCU

For the last several years we have all heard a lot about how the Internet is changing the world and the way we communicate. On Thursday Cari Kraft from Omicron Consulting discussed with us ways that the Internet is currently being used by the insurance industry. She also explained how new technologies will make the Internet even more useful as a business tool.

The most widely thought of use for the Internet in the insurance industry is to market insurance products directly to consumers. This model while used effectively by some has not enjoyed the broad success that many had envisioned. The most likely reason is that insurance products are not simple purchases to make, and the average consumer does not know as much about the subject as they probably should. For this reason Agents and Brokers still dominate in the sales of insurance products. An important point to understand is that E-Business is not just on line purchases by the end consumer.

The Internet has far more to offer than an alternative way to sell directly to consumers, or let them view information about your company. E-Business can also consist of any transaction that supports business making is better faster and more cost efficient. Supply chain, and back office integration are areas where much progress can still be made. Companies have a lot of information locked up in systems that if shared with the right people could save time and money. For example, a manufacturing concern who tracks inventory with a computer software system could have suppliers plugged into that information so as soon as a supply reaches a threshold level new inventory could be ordered automatically.

There most recent generation of Internet programming languages are the key to getting the most out of our data. XML or Extensible Markup Language will solve some of the basic incompatibility issues that were a barrier. In the past, an exchange of data between systems required an agreement on how and in what format data will appear. A file format for a claim record could be: Digits 1-10 = Claim number, Digits 11- 18 = Claimant first Name, Digits 19 - 27 = Reserve amount, etc. This creates some potential problems. What if you claim number has 12 digits, or your claimant's first name has more than 8? XML solves these problems by sending a message with the data that explains what it is. The recipient who is prepared to accept XML data will know what the data is and what it is for. This will allow the sending and receiving systems to be different, share data, and not require a fixed file format.

Using XML to web enable back office data will also be a new way to leverage technology to provide better service to the end customer. While the majority of people may never adopt the web as a method of purchasing insurance, most would like to receive customer support and account information on-line. Direct access to the data over the web can take steps out of the customer service process, making it faster and easier for the consumer. At the same time it will save resources by eliminating the need for intervention by a customer service representative, saving time and cost.

Studies show that as an industry, insurance has been a late adopter of technology. This not to say that we have missed the boat in some way, only that the best of what technology has to offer has yet to come.



Left: At our January meeting Cari Kraft of Omni Consulting discussed the internet and how the industry is using it.

January Meeting Recap

Below: Some of the audience at our January meeting on Internet and Its Use by the Insurance Industry.



Membership Committee Asks..... Are You Nearing RETIREMENT????

Simple planning prior to retirement will enable you to secure lifetime (National and Chapter) membership at a significant savings. How?? All you need to do is simply coordinate the dues payment in the year you take retirement. Along with your annual dues payment make an additional payment of twice the then current Society dues, a combined one-time payment of 300 percent. All that is required to qualify is that the applicant be a regular member for 10 consecutive years prior to application for lifetime status. Achieving lifetime membership status will grant you all of the benefits and privileges of membership in a prestigious organization, along with saving you a few dollars for retirement. It is that easy! For those members who are lucky enough to have their company pay the annual membership dues, contact your Human Resource Department to determine if they would support your lifetime membership.

UPDATE ON WEB PAGE HELPFUL LINKS

Recently, the Philadelphia Chapter added a new section to the Helpful Links section of its web page (<http://www.philadelphiacpcu.com/>). The new link provides an opportunity for chapter members who own or operate business in the Philadelphia region to provide a link for members to obtain additional information about their company. The section is called LINKS TO ORGANIZATIONS OWNED OR OPERATED BY OUR MEMBERS. The only company presently listed is MCDONNELL CONSULTING. MCDONNELL CONSULTING is a management consulting organization with two primary product lines. One of these product lines is accident prevention and control consulting for employers and businesses. The other product line is delivery of customized training programs to the insurance carriers. Additional information about TC and MCDONNELL CONSULTING is available at www.mcdonnellconsulting.org. If you are a Chapter member and would like to have your company included in this listing, please contact Peter Palestina by Email at PeteyPal@aol.com.



CPCU/Council Rock Fire Safety Essay Contest Winners Receive their awards

Holding their awards are the Council Rock School District winners of the eighteenth 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: Alyssa Steeger (1st place), Jeremy Wortzel (Most Creative), Joseph Thompson (2nd place), Julia Meinster (3rd place). Second row, 3rd and 4th grade level: Allyson Hauptman (1st place), Jake Magida (Most Creative), Andrew Jones (2nd place), and Bill Reik (3rd place). Third row, 5th and 6th grade levels: Joshua Wortzel (1st place), Dayle Magida (Most Creative), Jessica Radlow (2nd place), and Jenn Cilingin (3rd place). Back row contest judges: left, Cathy Triverio, School Board Director, Contest Coordinator Pete Palestina, Philadelphia Chapter CPCU Past President and Northampton Supervisor, Northampton Fire Inspector Rob Holmes and former Fire Chief Adam Selisker.

The Awards were presented at the Council Rock School Board meeting of November 15th. All first place finishers received a \$100 U.S. Savings Bond and a plaque. Second and third place finishers received plaques and will also receive citations from the Northampton and Upper Makefield Township Boards of Supervisors and State Representative Roy Reinard at the November 28th Board of Supervisors Meeting held at Northampton Township.

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



Above: (L to R) Sol Fienstone winner Alyssa Steeger, Jeremy Wortzel, Josh Wortzel and Julia Meinster with former Fire Chief Adam Selisker, Fire Inspector Rob Holmes and teacher Nina Biller.

Chapter "Fire Safety in the Home" Essay Contest Concludes 18th Year

Editor's Note: This was the 18th year that I have been involved with running our Chapter's Fire Safety in the Home Essay Contest which we have been co-sponsoring in conjunction with Council Rock School District. Although a lot of work goes into it, I can honestly say that it is most gratifying and well worth the effort. To see the smiling faces of the children and their proud parents as they receive their awards and recognition warms the heart.



Above: Winning students standing in front of their entries received recognition at the Nov. 15, 2001 meeting of the Council Rock School Board.



Above: At the Northampton Supervisors meeting of November 28th, Supervisor Vice Chairman Pete Palestina congratulates all the children for a job well done.

Right: Pete Palestina presents Pennsylvania House of Representative's Citation on behalf of State Representative Roy Reinard and David Steil to Alyssa Steeger of Upper Makefield. Behind Alyssa is Upper Makefield Supervisors Chairman Betsy Falconi who presented her township's winning recipients with a plaque.



- PETER F. PALESTINA, CPCU

Winners as Students with Winners as Teachers



Above: Holland Elementary teachers with students (L to R) Mrs. Dunn with Jenn Cilingin and Joe Thompson with Mrs. Chominski.



Above: (L to R) Rolling Hills winners Jake Magida, Dayle Migida, and Jessica Radlow with Mr. McPeak, Mr. Ogelby and Susan Smith.

Editor's Note: Additional photos on this event appear on next page and back page.

Here are the 2001 "Fire Safety in the Home" Essay Contest Winners from Council Rock School District

First and Second Grade Category



Allysa Steeger
Sol Feinstone Elementary First Place Winner



Jeremy Wortzel
Sol Feinstone Elementary Most Creative Winner

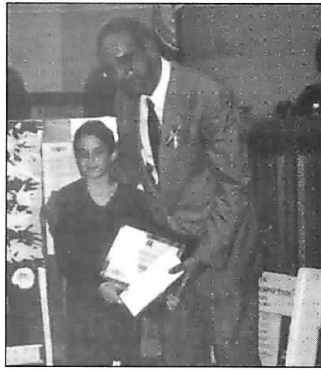


Joseph Thompson
Holland Elementary Second Place Winner



Julia Meinster
Sol Feinstone Elementary Third Place Winner

Third and Fourth Grade Category



Allyson Hauptman
Hillcrest Elementary First Place Winner



Jake Magida
Rolling Hills Elementary Most Creative Winner



Andrew Jones
Holland Elementary Second Place Winner



Bill Reick
Churchville Elementary Third Place Winner

Fifth and Sixth Grade Category



Joshua Wortzel
Sol Feinstone Elementary First Place Winner



Dayle Magida
Rolling Hills Elementary Most Creative Winner



Jessica Radlow
Rolling Hills Elementary Second Place Winner



Jenn Cilingin
Holland Elementary Third Place Winner

PHILLY I-DAY 2001 A SUCCESS

Philly I-Day 2001 - An I-Day Odyssey was a great success this past December 11th where the emphasis was on The Insurance Cycle, Toxic Mold, and Privacy Issues. The day started with the usual 8:00 am continental breakfast and exhibits. Then at 8:45 am we had the opening general session on **Insurance Market Dynamics** with the following panel:

- James Curran, CPCU President, Curran Financial Group
- Kevin H. Kelley, CPCU CEO, Lexington Insurance Company
- Christopher M. Treanor Managing Director, Global Broking Marsh USA, Inc.
- Edward J. Noonan, CPCU President & CEO, American Re-Insurance Company
- Dennis B. Reding, CPCU President & CEO, ACE USA

Moderator: Norman A. Baglini, PhD., CPCU President Emeritus, American Institute for CPCU.

A total of 3 seminars were offered, some with CE credits. Those sessions were as follows:

What Toxic Mold Means to the Insurance Industry

This seminar provided a broad overview of what toxic mold means and the forecast for exposures. The panel explored the history, identification, investigation, and remediation of toxic mold. Property and Liability coverage issues were also analyzed. The implications to personal and commercial risks was explored and attendees were able to understand the do's and don'ts for future mold claims and litigation.

Panel Members were:

- John J. Delany III, Esquire, Principal Partner, Law Office of Delany & O'Brien
- William Stewart, Esquire of the Law Offices of Cozen O'Connor

Privacy Protection and Credit Reporting

At this seminar participants were informed about recent regulatory initiatives aimed at protecting the right of privacy both at the Federal and State levels. In addition, attendees learned more about collecting financial information (credit reports) in the underwriting process: how it is being collected, why it is being collected, how it is used to determine acceptability of applicants, and why its practice is controversial.

Panel Member were:

- Michael F. Consedine, Esquire, Saul Ewing LLP
- Linda S. Kaiser, Esquire, CPCU, Insurance and Financial Institutions Practice, Group Saul, Ewing LLP
- Lamont Boyd, CPCU, Dir. Business Development, Glogal Financial Service Insurance Fair Isaac & Co.
- Ed Prevost, Vice President, Insurance Solutions Equifax, Inc.

Crisis Response- Business Continuity and Human Concerns

Those who attend this seminar were provided with an understanding of the important steps necessary for business to develop a plan to respond to a crisis. The factors unique to handling human concerns were emphasized. Also, the underlying concepts in crisis response involving the management process and reasons for developing a crisis response plan and procedures were examined.

Panel Members:

- Julie Van Noord, EAP Manager, CIGNA Behavioral Health
- Donald Swanson, Director, Business Continuity and Disaster Recovery Planning, American Reinsurance
- Scott E. Smith, Assistant Vice President, Zone Manager, Loss Control Services, Chubb.

The luncheon included recognition of those new CPCU's with a diploma presentation ceremony conducted by Larry Brandon, Ph.D, CPCU and Norm Baglini, Ph.D, CPCU.



Above: I-Day was treated to an opening session on "Insurance Market Dynamics" by panelists (L to R) : Kevin Kelley, CPCU, CEO, Lexington; Dennis Reding, CPCU, Pres. & CEO, Ace USA; Chris Treanor, CPCU, Managing Dir. Global Banking, Marsh USA; Ed Noonan, CPCU, Pres. & CEO American Reinsurance, and James Curran, CPCU, Pres. Curran Financial Group.



Above: John Delany III, Esq. of Delany & O'Brien was one of the speakers at the I-Day seminar on "What Toxic Means to the Insurance Industry."



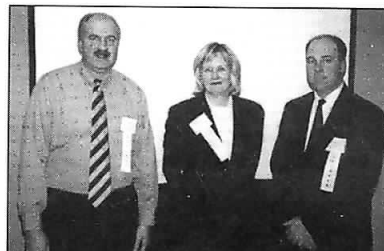
Above & Below: At I-Day new designees take the CPCU oath administered by Larry Brandon, while below, those CPCU's in the audience do likewise.



Below: Some of the audience that attended I-day 2001.



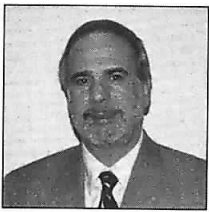
Above: First VP Ann Myhr introduces new designees to the operations of the Chapter during the I-Day reception where a mini Board workshop session was held.



Left: Panelists at the I-Day seminar on "Crisis Response- Business Continuity and Human Concepts were: (L to R) Scott Smith of Chubb, Julie Van Noord of Cigna Behavioral Health, and Donald Swanson of American Reinsurance.

Right: Holding their diplomas at Philly I-Day are (L to R) Clara Reineck, Mark Hughson, Terry Games, Debra Daly, and Christine Cox.





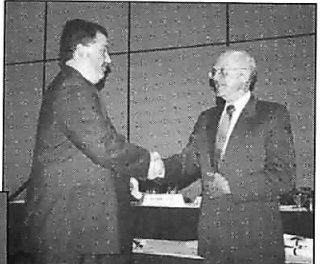
The Editor's Corner

By: Peter F. Palestina, CPCU

JUST A NOTE:

Due to the large number of good photos we have, I am giving up my space so that you may enjoy the additional I-day Photos.

Right: New CPCU Mark Hughson receives diploma from Larry Brandon.



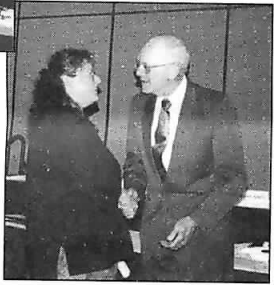
Left: New CPCU Terry Games receives diploma and congratulations.

Right: New CPCU Debra Daly receives congrats from Norm Baglini.



Left: New CPCU Clara Reineck receives diploma from Larry Brandon.

Right: CPCU Christine Brandon-Cox receives diploma from father Larry Brandon.



November Meeting Recap: Pay As You Drive Insurance

By Bruce A. Osgood, CPCU

On November 15th Edward Coe, a Regulatory Impact analyst with the U.S. Environmental Protection agency described how the insurance industry could do it's part to help the Environment. Pay as you drive insurance is a plan that is designed to induce drivers to drive less. The reduction in driving would lead to reduced fossil fuel emissions.

Under the plan insurance rates are directly related to the number of miles driven. Drivers who drive less would pay less. The hope of the EPA is that if implemented, drivers will make better use of public transportation, and drive more efficiently. Soon combining trips will not only save time but money as well. Mr. Coe states that other benefits of PAYD insurance include, more accurate connection between insurance price and risk, more fairness to consumers, and a more intuitive easy to understand system.

The program could be implemented with a deposit premium for an estimated number of miles for the coverage period. Mileage overages would be billed to the consumer. The billing could be monthly quarterly or some other increment. The most likely method of tracking mileage would involve the use of Global Positioning Systems. A GPS transponder would be mounted in the covered vehicle and the mileage reported to the insurer. Even the time of day driven could be taken into consideration.

While this program could result in substantial savings for some, it could actually lead to higher rates for others. The best drivers for the program are those who typically drive 12,500 miles per year or less. Those who drive more should continue to subscribe to conventional insurance programs.

As with all things, PAYD Insurance also has potential drawbacks. Possibly the most significant or which is adverse selection. PAYD could attract young, or elderly drivers who typically drive less, but have higher accident rates. Coe also cites mileage shifting in multi-vehicle homes, and reduced cash flow to the insurer, as risks that insurers in PAYD programs.

At this time there are no PAYD insurance programs in our area. This does not mean that each of us cannot already do our part. As you plan your travels for the next weeks and months try to think of ways you can combine trips. Rather than making a trip to the grocery store, and then a trip to the cleaners, and then another trip to pick up what ever you forgot on your last trip, plan ahead and try to make one trip instead of three. Make a list of what you are going to buy, or accomplish so that you don't have to make a second trip to procure what you for got the first time. While you may not save on you insurance premium, you will save gas money, time, and make a positive impact on the environment.



Left : Ed Coe addresses audience at the November meeting.

Right: Some of the audience at the November Meeting.

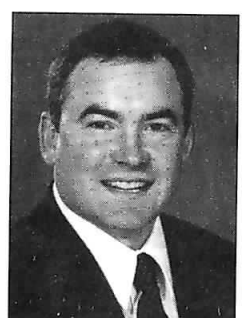


Left: New designees enjoy lunch with Chapter Director Martin Fappolli, CPCU.

NOVEMBER'S SPEAKERS



Ed Coe spoke at the November Meeting



Bernard Flynn also spoke at the November Meeting

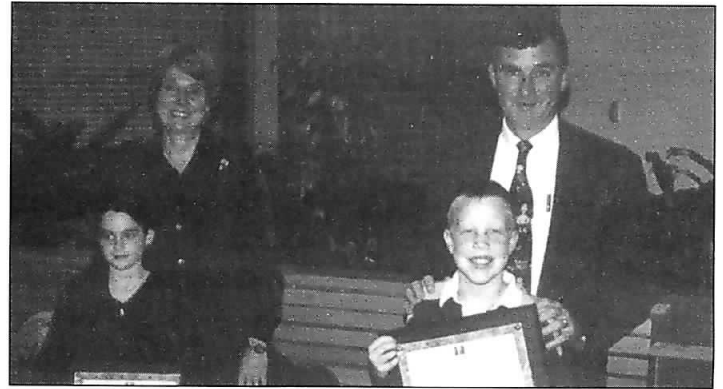
ADDITIONAL PHOTOS FROM

FIRE SAFETY ESSAY CONTEST

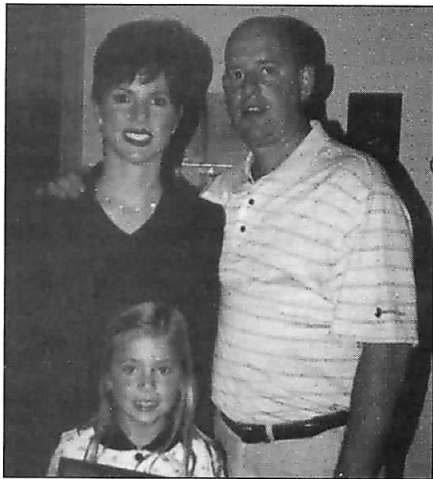
BELOW OF SOME PROUD PARENTS WITH THEIR AWARD WINNING STUDENTS



Above: (L to R) Parents of winning Sol Feinstone students pose with Alyssa Steeger, Jeremy and Joshua Wortzel and Julia Meinster.



Above: Hillcrest student Allyson Hauptman with Nina Biller and student Andrew Jones with Mark Klein.



Above: Parents Mr. & Mrs. Meinster pose with daughter Julia Meinster.



Above: Parents Mr. & Mrs. Steeger pose with daughter Alyssa Steeger.



Above: Parents Mr. & Mrs. Wortzel pose with sons Joshua and Jeremy Wortzel.

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