

Franklin Award Recipient Announced

By Ann Myhr, CPCU, ARM, ASLU, AU



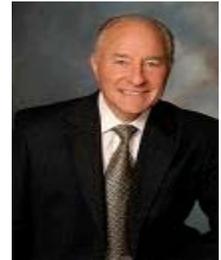
"He is dedicated to supporting the development of insurance professionals through continuing education."

The 2012 Philadelphia Chapter Franklin Award recipient is Spencer Roman, retired President and Chief Operating Officer of AAA Mid-Atlantic Group. Mr. Roman joined AAA Mid-Atlantic in 2000 as Executive Vice President. He has over 35 years of experience in the property and casualty industry and previously held management positions with General Accident Insurance and Harleysville Insurance.

Mr. Roman is an associate of the Casualty Actuary Society and a member of the American Academy of Actuaries. He is graduate of Drexel University and earned a B.S. in Mathematics.

Mr. Roman has also served on the Insurance Society of Philadelphia's (ISOP) Board of Directors since 2000 and served as Chairmen from 2009-2011. In June 2011, he was awarded ISOP's President's Award. He is also active on the Board of the

fostered a productive work environment for all employees. He is dedicated to supporting the development of insurance professionals through continuing education.



**Spencer Roman,
ACAS
2012 Franklin
Award
Recipient**

**The Franklin Award will
be presented at the
Philly I-Day Luncheon
on March 22, 2012.**

PHILLY I-DAY

March 22, 2012

Philadelphia Convention Center

8:00 A.M. —4:15 P.M.

Networking Reception 4:30 P.M.

www.phillyiday.com

A Word from The President



**Joyce Shefsky, CPCU
Vice President
Client Services, ECBM, LP.**

“If you are not actively involved in the chapter activities, I would strongly recommend that you participate.”

CHANGE!! Seems to be the new buzz word. We are seeing change in the economy, change in the insurance market place and change in the CPCU Society. While change is usually for the good, it can be challenging and sometimes overwhelming.

During the past year, I have seen first hand the positive effects of the Philadelphia Chapter of CPCU. Our chapter is dynamic, influential, and at the same time a stable group of insurance professionals. We have offered support to our members, challenged them with intriguing breakfast meetings, and developed relationships that are long lasting.

If you are not actively involved in the chapter activities, I would strongly recommend that you participate. I promise you will come away from the events challenged, supported, and ready to deal with our new world of CHANGE.

On behalf of the Chapter Officers and Board, I would like to invite you to participate in the upcoming chapter events. We have everything from educational

seminars, interesting breakfast meetings, and several social events planned for the next several months. As some of the events are limited in the number of attendees, I encourage you to sign up as soon as the events are announced.

- Philly I-Day is March 22nd and during this meeting we will present our Franklin Award to Spencer Roman.
- On March 29th we will have our Mix & Mingle Happy Hour at the Public House located at 2 Logan Square in center city Philadelphia. This is a free event but attendance will be limited so it will be important for you to register early.
- April 12 Breakfast Meeting- “Social Media-Ethical Considerations for the Property and Casualty Industry” presented by Eric Fitzgerald, Esq. and Colleen Bannon, Esq. of Marshall, Dennehey, Warner, Coleman and Coggin.
- April 24- Continuing

Education Seminar- “Coverage Analysis thru Claims” taught by Brian Chance, CPCU

We are always looking for members to join our committees. Please contact any of the officers or board members and we can ensure you that you will find working for the chapter to be exciting and rewarding.

April Breakfast Meeting
Thursday, April 12, 2012 at 8:00 AM
at The Union League

Remembering

Dr. Edwin Scott Overman, CPCU, born Aug. 26, 1922 in Hope, Arkansas, President Emeritus of The Institutes (formerly American Institute for CPCU and Insurance Institute of America), age 89, died on January 26, 2012 in West Chester, PA. Ed joined the American Institute for CPCU in 1953, and was elected president and CEO of the Institutes in 1966 until his retirement in 1987, at which time Development Hall on the Malvern campus was renamed Overman Hall in Ed's honor. He then served as a lifetime member of the Board of Trustees, observing 50 years of service to The Institutes in 2003.

Dr. Overman was inducted into the Insurance Hall of Fame in 1989, received an honorary Doctor of Letters from Olivet College in 1985, and was the first recipient of the prestigious Franklin Award from the Philadelphia CPCU Chapter in 1983. He received many other awards of recognition. He served on the Board of Directors of Harleysville Insurance and RLU for a number of years. By the time of his retirement, Ed was likely the most well-known, most respected, and most influential person in property-casualty insurance education. He spent most of his

time on the road, regularly meeting with insurance company CEOs and other industry leaders to promote the cause of professional development and ethics. Despite his high stature in the insurance industry, Ed was a humble man. He was a much-loved leader, teacher, and friend. He will be sorely missed by all who knew him.



**Dr. Edwin Overman,
CPCU
1922—2012**

Kevin Kless, a graduate of Temple University's risk management and insurance program, was killed in a tragic assault on January 14, 2012. Kevin started his insurance career as a claim representative at Berkley Mid-Atlantic Group in 2010 after graduating from Temple where he was a member of Gamma Iota Sigma. Kevin was working toward his CPCU designation, having taken CPCU 510 and 520.

He enjoyed snowboarding and golf. He had just returned to Philadelphia to start a new job after living in Harrisburg when he was fatally assaulted by three men after an evening in Old City with his girlfriend. Kevin was enthusiastic about his insurance career and continuing his insurance education. He will be fondly remembered by all who knew him and deeply missed.



Kevin Kless

Equipping the Knowledge Worker for a World Powered by Google

Haven't you considered – at least once – that everything that's known will soon be freely available on the Internet? The immediate implications of that thought is that insurance professionals like us, who pride themselves on having an extensive understanding of a relatively specialized knowledge set won't be as valued.

While an insurance professional's knowledge is important, it's what they do with that knowledge that is essential. The Institutes wants to equip insurance professionals with the skill set they need now, and in the years ahead. To that end, The Institutes are actively working to move its content and the assessment of that content to a higher cognitive level.

There are several approaches for describing cognitive levels. Perhaps you recall the verbs used in The Institutes' educational objectives; these verbs align with the cognitive levels in Bloom's Taxonomy. For example, "list," and "describe" require lower cognitive skills than "justify," and "recommend."

How is this change in cognitive level evidenced in The Institutes' content? Current Institute students are seeing more of these application-

based educational objectives than were used in the past. The Institutes' content reflects these higher cognitive levels by including elements such as "Apply Your Knowledge," "Knowledge to Action," and "Reality Check."

The first two elements challenge the student to immediately put into practice the content that has been presented. In most instances, these elements include a snippet of a relevant fact situation, a challenge to the student, and feedback the student can use to verify their understanding.

Reality Checks connect content to real-world events, and instill the fact that unlikely events and circumstances are the reason insurance is a wise purchase – and that a seemingly mundane fact may be extremely relevant. Additionally, The Institutes' content regularly includes case-based activities that put into practice knowledge that was presented at lower cognitive levels. Modeling higher cognitive levels in The Institutes' content is an effective means of teaching higher cognitive skills that translate to improved on-the-job performance.

The Institutes' examination questions are tied the educational objectives. As The Institutes' content moves to a higher cognitive level, so do The Institutes' assessments. Consequently, higher cognitive content will have more challenging questions, and questions that require students to apply their knowledge to fact situations, and draw conclusions.

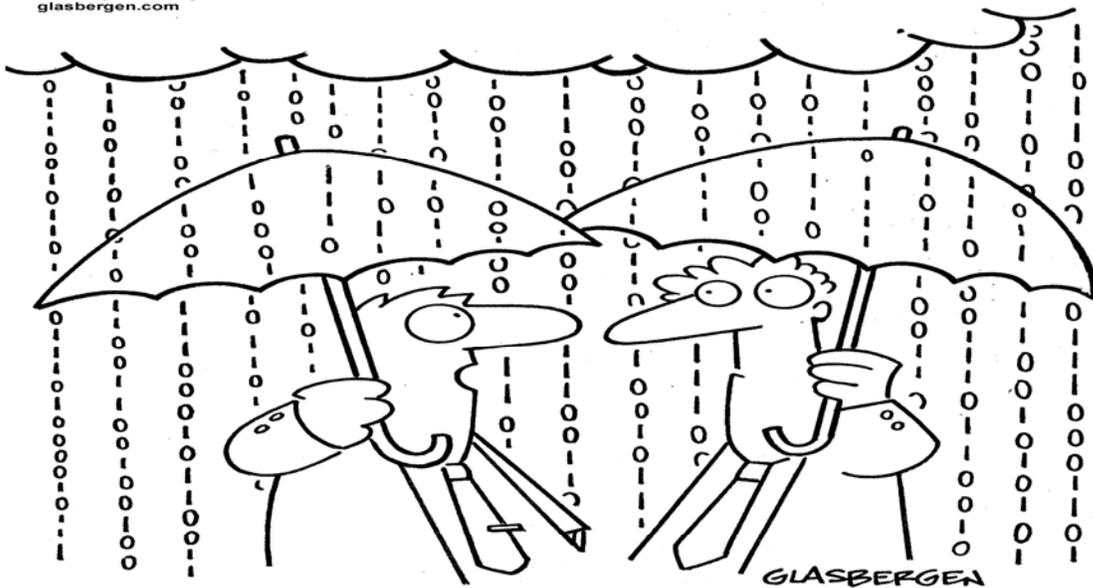
The Institutes understands the challenges insurance professionals face in a knowledge-rich world. While Google can return millions of results in a fraction of a second, it takes an individual with an established framework of understanding to filter the relevant from the irrelevant. The Institutes will continue to include pertinent facts in its content, but the push is on to drive learners to put that education into action in the coursework so that it can be drawn out again when needed in the real world.



**Connor Harrison, CPCU,
AU, ARe, ARP, AIAF,
AAM
Director of Custom
Products
The Institutes**

"While an insurance professional's knowledge is important, it's what they do with that knowledge that is essential."

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glasbergen.com



**“I don’t know much about cloud computing,
but I think it might be responsible for
the strange weather we’re having.”**

Scholarship Grant Program

In furtherance of our commitment to education, The Philadelphia Chapter of the CPCU Society has established a Scholarship Grant Program to make annual academic grants-in-aid to those applicants meeting certain eligibility qualifications and selection criteria. The fund and grant amounts vary each year and are at the discretion of the Board of Directors. The amount of each individual grant will vary, generally between \$250 and \$1,500 depending on the budget and the number of worthy applicants during any given year. The Board has allocated a \$4,000 fund for 2012.

We are now accepting applications for the 2012 Scholarship Awards.

Completed applications must be mailed (*e-mails or faxes will **not** be accepted*) to:

Philadelphia Chapter of the CPCU Society
c/o Donna O’Brien - Scholarship Committee Chair
320 North Woodmont Drive
Downingtown, PA 19335

Application forms are available from a link on the Chapter website.

All application materials must be received by April 1, 2012.

**Awards will be presented at the May 17, 2012 Philadelphia Chapter Meeting at
the Union League.**

Wine Tasting Social



Chapter members
sample Argentinian
wines at ECBM on
February 2



**Upcoming Social Event:
Mix & Mingle Happy Hour
at the Public House**

2 Logan Square

Philadelphia

March 29



January Breakfast Meeting

Stephen J. Johnson, CPA, Deputy Insurance Commissioner for the Office of Corporate and Financial Regulation for the Pennsylvania Insurance Department, presented on the Future of Solvency Regulation at this past January's breakfast meeting in the Union League.

It is no shock to the insurance industry that catastrophic events can disrupt businesses, and in desperate situations, entire markets. Regulators on all levels have leveraged many resources over the past few years to re-examine how companies are evaluated to protect against future failures, particularly those that put the financial and insurance systems at risk.

We have already seen some regulatory changes occur, including but not limited to, creation of the FSOC (Financial Stability Oversight Council), the creation of the FSB (Financial Stability Board, formerly FSF), and an overhaul of IAIS (International Association of Insurance Supervisors) principles on the global frontier. Additionally, other regulation overhauls of current regulatory systems have taken the form of an NAIC SMI, a Revised Insurance Principles from IAIS, and Solvency II in Europe. The NAIC is currently debating accounting standards and capital requirements as well. The effectiveness of separate reporting using Statutory Accounting Principles is a hot issue. The group of Insurance Com-

missioners is examining whether Statutory Accounting Principles are superior to GAAP or international accounting standards. Additionally, studies on Risk Based Capital (RBC) requirements have also been conducted. Concerns include how to consider "missing risks" such as catastrophe and operational risk. The NAIC agrees that over-reliance on modeling capital is common throughout the industry.

Group Supervision over holding companies has become a focal point of regulatory improvement. There are major changes to the Model Holding Company Law and Regulations that require more filing with the NAIC, which will help to address such issues as regulatory oversight over derivatives. A new form will be utilized in the data collection process, adding to the NAIC's impressive pool of data. The new Form F – Enterprise Risk Report will be filed by the holding company and include information such as their business plan and a summary strategies for the next twelve months, any negative movement or discussions with rating agencies, and expected liquidity levels to help understand the interconnectivity on both the micro- and macroeconomic levels.

The NAIC also developed Own Risk and Solvency Assessment (ORSA), which represents another major

change in information disclosure. Collected data will comprise of the company's ERM Framework, description of the Risk Management policy, quantitative measures of risk exposure in both normal and stressed conditions, etc. Mr. Johnson stated that the key questions asked through ORSA address the company's overall strategy, level of risk they are willing to assume, key risks, amount of capital needed to cover risks, and the policies and fail-safes in place to keep the risk within the predetermined tolerance levels. Driving the risk level assumed by Property and Casualty insurers is underwriting principles and procedures; a critical area to evaluate.

Mr. Johnson informed us that the "Feds are joining the party" through the oversight of the Federal Insurance Office (FIO), created by the Dodd-Frank bill, as well as the Financial Stability Oversight Council. Underlying the Federal government's involvement is the subject of systemic risk. Factors used to identify a Systemically Important Financial Institution (SIFI) include size, lack of substitutability, interconnectedness, leverage, and liquidity. The insurance industry's stability means that very few insurers could be considered systemically risky.

As with any new regulations, there are some un-



**Mary Ann Cook and
Stephen J. Johnson**

assuring the industry that the inevitable additional costs will be beneficial. Mr. Johnson advises all to take a long-term approach to regulation.

A long-term approach will allow regulators to continue their successful track record in avoiding paying for insolvencies through higher guaranty fund assessments. Pennsylvania specifically has gone 7 straight calendar years without an insolvency of a domestic insurer, and by Mr. Johnson's count has saved 96 companies from insolvency since 1997. The frequency of insurer insolvencies has consistently decreased for the past few decades, unlike other financial sectors. Overall, the future of the regulatory environment looks bright because of the recent improvements made by the NAIC.

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**Russell Wainwright and
Greg Wommer**

Fire Safety Awards

The Philadelphia Chapter honored the winners of its 28th annual Fire Safety In The Home essay contest on November 17th during the Council Rock School Board meeting. Students in the Council Rock elementary schools were invited to write essays or create posters on the subject of fire safety during National Fire Prevention Week, Oct. 9 to 16. Each school in the district submitted its top entrants for the final judging. A panel of judges was comprised of school board member Bernadette Heenan, Northampton Township Fire Marshal Frank Fenton and former

Northampton Township Supervisor Pete Palestina, CPCU who is the coordinator of the contest for the CPCU group.

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Additional photos can be seen at the chapter website.



Joyce Shefsky presents awards to students.



**Juliana Lupo
1st Place**



**Hailey Brown
1st Place**



**Gavin Sikria
1st Place**

February Breakfast Meeting



Members of the insurance industry gathered for the Philadelphia CPCU Society Breakfast Meeting at the Union League to discuss the current state of the reinsurance market. The CPCU Society was happy to feature Michael O'Brien from Aon Benfield Fac Inc., John Vasturia from Munich Re America, and Andrew Zatrof from Gen Re as panel discussion leaders. The discussion throughout the morning centered generally on RMS II, the Risk Management Solutions' Version II, a loss estimation model intended to utilize specific structure and coverage data for most insured risks. One of those risks being Property CAT. The panelists started off talking about the CAT issues from 2011 and if we are likely to face more property CAT in the future. The impact of RMS II will be heavy as insurers are implementing this model for these risks. With all the recent catastrophe losses, the RMS II revised hurricane model

has led to an increase in the U.S property catastrophe pricing. RMS is a model on how to view risk. The RMS II version is different from previous models because it incorporates inland filing rate changes including effects of wind losses, a new storm surge model, historical hurricane frequency rates by region and state, emphasis of critical exposures, decreased impact of secondary risk modifiers, and updated regional building practice considerations. The panelists put forward the implication for companies to look at the drivers for their book of business that are powering the model. Market opportunities are something that insurers are looking to and the suggestion is that the next opportunities are going to be in environmental liability because it is required more now and is in need. There is also an opportunity for the pharmaceutical and life science business in the future. In the next topic, the panel-

ists discussed the exposures that are in the most trouble, the exposures that are most likely to be "keeping you up at night." They referred to a review published by MIT and Princeton University which stated that "today's 100-year floods' may happen every three to twenty years." We are facing a much higher rate of risk with climate change that could make storms reach landfall more frequently. It is unbelievable to think that storms could occur more regularly and the amount of loss that will be exposed. There are a lot of unknowns in insurance. Some of the increasing exposures are aggregation issues, hurricanes, earthquakes, man-made risk, terrorism risk, social media risk, and the idea of cloud storage and cloud computing risk. The main issue still remains with these risks, how bad they really are. The question that was raised next was what the landscape will look like in a five year timeline. The belief is that retention will be up, people will be buying less, and there



Article by
Alexandra Martin

Continued on P. 10

“Practical Coverage Analysis through Claims Examples”

by Brian M. Chance, MBA, CPCI, AIC

Vice President of Claim Services, ECBM, LP

Approved for 2 CE Credits in PA and NJ

April 24, 2012 3:00 – 5:00 p.m.

ECBM, LP

300 Conshohocken State Rd., Suite 405

West Conshohocken, PA 19428

Followed by a “live” social networking opportunity with light refreshments provided compliments of The Philadelphia Chapter.

Cost per person: \$35.00 including CE filing

Register by April 5, 2012 at

<http://philadelphia.cpcusociety.org>

February Breakfast Meeting, Cont'd from P. 9

will be less of an opportunity to grow businesses. Market cycles are forecasted to be shorter, more localized, with an increased use of analytics for risk selection and pricing, and regional changes for certain areas. Demographics are going to change, the industry is looking to shift towards younger, new professionals, and there is going to be an increase in regulatory issues and effects from economic factors.

Finally, the meeting wrapped up with the effects on models for insurance. Risk selection is back because of the interest rate issue, and facultative reinsurance has recently been lower. The panelists' advice to everyone in the industry is to have faith in your model you use, and be courageous enough to make the call with the proper underwriting capabilities.

Thanks

Thanks to the following people for their help in producing this issue of the ChapterGram:

Theresa Gregory

Barry Shefksy

Glen Vaughan



Temple Case Competition

Chapter President Joyce Shefsky, Past Chapter President Mary Ann Cook, and Board Member Theresa Gregory served as judges during Temple University's Fox School of Business Fall Semester Risk Management and Insurance Case Competition.

Temple Professor Norman Baglini, one of the leaders of this program, champions it as a way for "insurance professionals to prepare for their careers."

Seniors participate in this real-world risk analysis exercise as a capstone to their course work. The students form teams, and each team prepares a risk exposure assessment and treatment for a company selected by the team. The teams must use publicly available information in the exercise. The teams then compete to "win the business" of the company they selected

through a written and verbal presentation of their evaluation and recommendations.

Panels made up of three judges play the role of decision-makers at the companies, posing questions and challenging assumptions. Each panel picks a winning team and offers real-world feedback to the students. The teams chose a variety of companies, including Darden Restaurants, builder D.R. Horton, trucking/shipping provider Werner Enterprises, and Green Mountain Coffee.

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Theresa Gregory, CPCU

Andrew Goduto, Donita Stevens, Teron Richardson



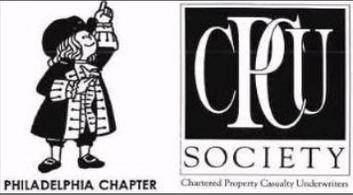
Dr. Baglini, judges, and winners.



Leah Sofield, Heather Barbera, Christine Morrison



Amit Neuman, Mark Tremi, Mike Butler



[Visit Our Website](http://Philadelphia.cpcusociety.org/)
<http://Philadelphia.cpcusociety.org/>

Please send your news to:
vaughan@theinstitutes.org

Insurance Teaser

How many tornadoes struck the U.S. in 2011?

- A) 500
- B) 1,000
- C) 1,800
- D) 2,000



First 25 correct answers received win entry into a drawing for a \$10 gift card! E-mail answer to Vaughan@theinstitutes.org

Congratulations to Kevin Johnson, CPCU, ARM, ARe Winner of the Insurance Teaser from the Fall Issue.

(Correct Answer: Cost of lightning strikes was \$1 billion.)

New and Noteworthy

Congratulations to Mary Ann Cook, CPCU on her promotion to Vice President of Knowledge Resources at The Institutes. Mary Ann is Past President of the Philadelphia Chapter.



Congratulations to Ann Myhr, CPCU on her promotion to Senior Director of Knowledge Resources at The Institutes. Ann has previously served as President of the Philadelphia Chapter.



Congratulations to David Glaser, CPCU new Philadelphia CPCU Chapter designee, and his wife Nicole on the birth of their daughter, Avery Grace. Avery is the granddaughter of Philadelphia Chapter member, **Chuck Glaser, CPCU**, and his wife, Susan.

