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THE STARS ARE COMING TO PHILLY

Inside this issue, you will read in President Jon Hensinger's column about two members of the Philadelphia Chapter CPCU Society who have gained a lot of positive exposure for our chapter. The hits just keep coming, as a parade of insurance stars will be enlightening Philly Chapter members at our Breakfast Meetings in 2006.

On January 19, we will be host to a breakfast meeting panel discussion on Insurance Data Standards. Producers and insurer staff will learn how XML and data standards may bring us closer to the long-sought dream of **SEMCI**—Single Entry, Multi-Company Interface, by which the agent can use one data entry system for a variety of insurer partners. According to the Insurance Data Management Association, data have come to be regarded as a corporate asset together with cash, buildings, and equipment. With every advance in technology, the value of data increases. Our

panel will feature both an expert from ACORD and **Pete Marotta**, Principal of Data Management Consulting for ISO. Pete has served on many NAIC, ISO, NCCI, IDMA, IASA,

ACORD, CAS, RIMS committees, task forces, panels and work groups. Pete is IDMA past president and the editor of IDMA's Executive Data Management Information Service, a monthly publication on data management issues. Pete also serves as IDMA's Vice President for Emerging Data Management Issues.

On February 16, our topic will be "Flood Insurance - Hurricane Katrina and the Regula-



MAROTTA



FLYNN



KAISER

tory Response" with **Linda S. Kaiser**. Linda joined Cozen O'Conner's Philadelphia office in October 2003 and practices with the Insurance Group. From 1995-97, Linda served as Pennsylvania Insurance Commissioner. Linda's career also includes 12 years as in-house counsel for two large multiline insurers. Linda has been a CPCU since 1992. She serves as the co-chair of the Insurance Committee of the Pennsylvania Bar Association and vice chair of the Insurance Committee of the Philadelphia Bar Association. She is also actively involved in the American Bar Association, Pennsylvania Bar Institute and the Insurance Society of Philadelphia.

On March 16, we will cover *PA & NJ Auto Insurance & Ethics* with an all-star panel of **Douglas Kent** of Marshall, Dennehey, Warner, Coleman & Goggin, State Farm's **Marci Thomas**, and NJM SVP and General Counsel, **Bernard Flynn**. Doug has concentrated his law practice in casualty defense focusing on complex and high exposures. In addition to his professional accomplishments, while at Penn State Doug received the Superior Scholar-Athlete from Joe Paterno. Marci is the operations manager for the Commercial Fire lines in the Northeast Zone and earned her CPCU in 1987. Bernie earned his CPCU in 2001 and served that same year as co-chair of the NJ governor-elect's Banking and Insurance Team.

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PHILADELPHIA CHAPTER

MARK YOUR CALENDAR FOR UPCOMING EVENTS

Dec 7: Philly I-Day 8:00 am, Wyndham Franklin Hotel, Philadelphia. Topic: *Emerging Issues in Insurance*

Jan 19: Breakfast Meeting, 8:00 am, Doubletree Hotel, Philadelphia. Topic: *Insurance Data Standards*

Feb 16: Breakfast Meeting, 8:00 am, Doubletree Hotel, Philadelphia. Topic: *Katrina & Flood Insurance*

Mar 16: Breakfast Meeting, 8:00 am, Doubletree Hotel, Philadelphia. Topic: *PA & NJ Auto Insurance & Ethics*

OVERFLOW CROWD FOR OCTOBER BREAKFAST MEETING

With the dynamic Randy Maniloff, Esq. as speaker and the topic of emerging issues on the additional insured landscape, members and guests were treated to a blockbuster combination for the Philadelphia Chapter of the CPCU Society October Breakfast Meeting.

Speaking to the greatest turnout in recent memory, Randy provided the attendees with an explanation of the new ISO Additional Insured endorsement, the Vendors endorsement, and the legislative proposals which may affect claims in the future.



President Jon Hensinger after the presentation with breakfast speaker Randy Maniloff.

As an attorney in the Business Insurance Practice Group at White and Williams, LLP in Philadelphia, Randy concentrates his practice in the representation of insurers in coverage disputes over primary and excess policy obligations for many types of claims. He is a contributor to Mealey's Litigation Report: Insurance and FC&S Bulletins. He is a frequent speaker at industry seminars and well known in the Philadelphia area for his enlightening presentations. Randy cites the additional insured endorsement as the second most complex insurance issue he has ever encountered. Having recently returned from a trip which required him to rent a car, he has identified the optional rental car coverage in a car lease as the most complex insurance issue he has had to face, despite the fact that additional insured claims usually have a complex set of facts, contractual relationships and differing policy language to complicate them. In July 2004 ISO changed the additional insured endorsement in an attempt to clarify whether the endorsement was intended to provide coverage for the vicarious liability of the named insured (when negligent) or to provide coverage for the additional insured's own negligence, as so many courts have ruled.

Randy believes some courts have ruled in this manner because of the "arising out of" language in the endorsement

which provided coverage for liability arising out of the named insured's operations. These courts have relied on the fact that the additional insured's negligence was not specifically excluded and that the endorsement did not address fault.

In changing the endorsement, ISO has stated that the endorsement was never intended to cover the additional insured's own negligence as some courts have ruled. The July 2004 change added a fault based standard to the form. It provides coverage to the additional insured for vicarious liability, for contributory negligence when shared with the named insured and attempts to eliminate coverage for the sole negligence of the additional insured.

However, Randy does not believe that the changes address all of the issues. Areas that will still be in dispute include:

- ♦ Suits brought by an employee of the named insured, who cannot sue the named insured due to the W.C. statute. In these situations, the named insured is not part of the suit against the additional insured so there are no allegations made against the named insured to trigger the provision of a defense for the additional insured
- ♦ Suits which name parties who have no negligence at all but where the additional insured will want a defense
- ♦ An artfully drafted complaint that can find a way to manipulate the endorsement language, since the endorsement uses "acts or omissions" without prefacing it with "negligent"
- ♦ "Other insurance" clause considerations such as when the additional insured has a policy that says if the named insured on the policy is an additional insured on another policy, the named insured's policy is excess

In addition to the Additional Insured endorsement changes, ISO also changed the Vendor's Endorsement in July 2004. A vendor's endorsement provides additional insured status to a vendor under a manufacturer's policy, for liability arising out of the manufacturer's products which are distributed



Randy takes audience questions.

or sold by the vendor. ISO added language to the endorsement excluding coverage for liability "arising out of the negligence of the vendor." ISO did not eliminate the "arising out of" language in this endorsement, which will leave this endorsement open for court interpretations which may provide coverage to vendors for their sole negligence.

Several state legislatures have taken up the fight for limiting coverage of additional insureds. These states have bills in the pipeline that would preclude an insurer from providing defense and indemnity to an additional insured for its own negligence, even when the additional insured is not solely negligent. These bills are an attempt to plug up the "public policy" loophole. Many states have anti-indemnity statutes that regulate the use of hold harm-

OCTOBER MEETING, continued

less agreements by general contractors when written into subcontracts but few states put similar restrictions on the use of additional insured contract requirements. This allows general contractors to use additional insured arrangements to achieve the result that is forbidden in the anti-indemnity statutes, in essence forcing the subcontractors to provide coverage for the general contractor's negligence. If these bills pass, they can force additional insureds to turn to their own liability policies for coverage for their portion of negligence. These bills may also put the "other insurance" clause in jeopardy as well. The additional insured may be required to seek coverage from their own insurer for indemnity and defense costs paid by the additional insurer, for that portion of the loss attributable to their own negligence. Because of the lag time in the filing of law suits that will interpret the July 2004 changes to the additional insured endorsement and the vendor's endorsement, Randy foresees substantial litigation over the next five years, attempting to clarify the language of these endorsements. And we foresee a return visit from Randy Maniloff to explain them all to us.

** Portions of Additional Insured Endorsements: ISO's Revisions, written by Randy Maniloff for FC&S, Casualty & Surety Volume, Public Liability, May 2004 and Coverage for Additional Insured-Vendors: Recent Markdowns by ISO and New York's High Court, written by Randy Maniloff for Mealey's Litigation Report: Insurance, vol 19, #36 July 26, 2005, were used in this summary.*

FIRE SAFETY ESSAY WINNERS

CPCU SOCIETY ANNOUNCES COUNCIL ROCK FIRE SAFETY ESSAY WINNERS

The Philadelphia Chapter of the Chartered Property and Casualty Underwriters Society (CPCU), a professional insurance educational society, announced the winners of the 22nd annual Fire Safety In The Home essay contest co-sponsored with the Council Rock School Board. 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, October 9th - 16th. Each school in the district submitted its top entrants for the final judging. The panel of judges was comprised of School Board Director Bernadette Heenan, Northampton Township Fire Marshal Frank Fenton and Northampton Township Supervisor Pete Palestina, CPCU who is the coordinator of the contest.



Lindsey Norden (2004)

The awards were presented at the Council Rock School Board meeting of November 17th at 7:30 p.m. and again at the Northampton Township Board of Supervisors meeting of December 7th at 8:00 p.m. In addition to the CPCU Society awards listed below, the Townships will present special citation awards of recognition and State Senator Tommy Tomlinson and Representatives Scott Petri and Dave Steil will be presenting commendations from the PA House and Senate. In addition, municipal officials of the township in which the winners reside have also been invited to attend the December 7th presentation to acknowledge the winners with proclamations and a plaque from their respective townships. The winning students and prizes:

1ST and 2ND GRADE

1st Place - \$100 Bond and Plaque: Amanda Sgro, Welch Elementary; **2nd Place** - Plaque: Samantha Gougher, Newtown Elementary; **3rd Place** - Plaque: (tie) Jacoby Honeycutt & Tianna Honeycutt, Churchville Elementary; **Most Creative** - \$100 Bond and Plaque: Anna DiDonato, Rolling Hills Elementary

3RD and 4TH GRADE

1st Place - \$100 Bond and Plaque: Rachel Millstein, Holland Elementary; **2nd Place** - Plaque: Lauren Griffin, Welch Elementary; **3rd Place** - Plaque: Nicholas Wu, Richboro Elementary; **Most Creative** - \$100 Bond and Plaque: Adita Peri, Goodnoe Elementary

5TH and 6TH GRADE

1st Place - \$100 Bond and Plaque: Haley Blair, Sol Feinstone Elementary; **2nd Place** - Plaque: Marisa Tuszl, Churchville Elementary; **3rd Place** - Plaque: Hannah Lockwood, Newtown Elementary; **Most Creative** - \$100 Bond and Plaque: Lindsey Norden, Goodnoe Elementary

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PHILLY CHAPTER HONORED AT NATIONAL MEETING



At the CPCU Society Annual Meeting in Atlanta, Society officials conducted a luncheon to give Circle of Excellence recognition to chapters across America and around the globe.

Chapters attaining Bronze,

Silver, or Gold Circle of Excellence status were invited to send representatives to the Awards Luncheon.

As previously noted, your Philadelphia Chapter was once again a Gold Level award winner. Attending the luncheon were President Jon Hensinger along with Past Presidents Ann Myhr and Marty Frappolli.

President Jon Hensinger had double cause for celebration, as he also accepted the Gold Circle of Excellence Award for the Total Quality Special Interest Section of the CPCU Society, which he chairs.

Outgoing National President Don Hurzeler officiated along with Society Executive VP Jim Marks.



ABOVE: Don Hurzeler and Jim Marks flank the Special Interest Section Circle of Excellence Gold winners; Jon Hensinger is next to Jim Marks. **BELOW:** Hurzeler and Marks with Chapter Gold Level Winners. See if you can find our Chapter rep!



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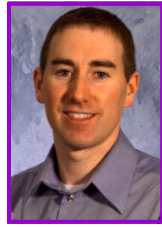
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Two CPCU Celebrities Call Philadelphia Chapter Home

President's Column

Jon Hensinger, CPCU, ARM, AIS



The CPCU Society's #1 strategic goal is to "make CPCU the most widely recognized, valued, and highly respected professional designation/brand in the property and casualty industry." All of us have a role to play in supporting this goal. And all of us will benefit from our achieving it. And a few of us are supporting this goal like true superstars. I'm proud to tell you that the Philadelphia Chapter is the home to two such superstars in Chapter Vice President Donna Popow and Chapter Director Storm Wilkins. Within the last two months, both of them have made high impact public appearances that have brought prestige to both the CPCU designation and the Philadelphia Chapter.

Back in September, in the wake of hurricane Katrina, Chapter Vice President Donna Popow made a very high profile appearance as a guest on CN8's morning news show. Donna appeared as an industry expert discussing disaster preparation. She did a fantastic job with her live interview, and I was very proud to consider her a colleague. For those of you who attended our September breakfast meeting, you may recall me bragging (as if I had anything to do with it) about Donna's CN8 appearance at the beginning of our meeting. Following Donna's TV appearance, I remember thinking to myself how could we possibly top that for a high visibility appearance? I didn't have to wait long for an answer.



DONNA POPOW

At the CPCU Annual Meeting in Atlanta in October, the CPCU conferment ceremony featured a very impressive video presentation highlighting the value of being a CPCU. When the video program began, I let out a cheer (much to the surprise of those seated around me) when Chapter Director Storm Wilkins appeared as one of the stars of the



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STORM WILKINS

show! The video did a wonderful job profiling Storm as she described the professional benefits that she enjoys from being a CPCU. Storm did a terrific job. She was on camera for quite a while too! This video was shown on two massive screens that had been erected on either side of the stage. There must have been two thousand people in the room. Storm's performance was an exciting testimonial to how being a CPCU can benefit your career. Storm made me excited to be a CPCU. She no doubt had a similar impact on everyone in attendance.

Being a CPCU means many things. Whether you want to admit it or not, being a CPCU means being an industry leader. It means you are someone who has distinguished yourself by acquiring exceptional professional knowledge. You are someone who has committed yourself to abide by a code of professional ethics. You are someone who possesses exceptional professional skills. Being a CPCU means being someone that others want to follow. We are proud of Donna Popow and Storm Wilkins for showing all of us what it means to be an industry leader.

Wherever your career adventure may be taking you, let the Philadelphia Chapter help you prepare for it. Whether its through the development of your technical knowledge, expansion of your professional network, or strengthening of your professional skills as a Chapter volunteer, the Philadelphia Chapter can help you succeed. And if all you are searching for is a little inspiration, look no further than our Chapter superstars to find it.

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AICPCU Report to the CPCU Society October 2005

The following information was reported to the CPCU Society at the Annual Meeting in Atlanta, October 22-25, 2005. The 2005 class of new CPCU designees totals 885. This figure, lower than that for 2004, reflects both the large number of automatic completers in 2003 (when the completion rules changed) and that many students may be adjusting their completion schedules to attend the 2007 conferment in Hawaii.

The number of first-time CPCU exam takers for the first half of 2005 is slightly higher than that for the first half of 2004: 2,175 exams administered, vs. 2,109.

It is expected that exam activity in the second half of 2005 will be adversely affected by Hurricanes Katrina, Rita and Wilma, just as the activity was adversely impacted in 2004 by the 4 hurricanes in Florida.

In an effort to continually improve the CPCU curriculum, the CPCU Advisory Committee met on Sept. 15 and 16, 2005. The committee is comprised of insurance industry professionals and academicians. This group meets with the members of the Institutes Curriculum Department to analyze the characteristics of potential and current CPCU candidates and the implications of those characteristics on the CPCU curriculum, as well as to obtain input on the educational needs of potential and current CPCU candidates and evaluate the content and presentation of the curriculum in light of those needs.

The Institutes continues to pursue several international initiatives that offer significant growth potential. In 2005 the Institutes established the CPCU Institute of Greater China and created a new designation, the Professional General Insurance Certificate (PGIC) specifically for the Chinese market. The PGIC is comprised of several introductory courses, which have been translated in both Traditional and Simplified Chinese.

In addition to the long-standing agreements for translations of Institute's texts in to French and Portuguese, the Institutes recently established relationships with organizations to translate study materials into Japanese and Russian.



The Institutes also continues to look for opportunities to partner with colleges and universities to accept CPCU and IIA credits toward certificate programs and associate, bachelor's and master's de-

grees. The Institutes has articulation agreements with the following educational institutions: Salve Regina University, Calella University, Boston University, Drexel University, Excelsior College, Franklin University, New England College of Finance, NYU's School of Continuing and Professional Studies, UC's Berkeley Extension, University of Maryland University College, Walden University.

In 2004 the Institutes administered 18,046 CPCU exams and 58,779 IIA exams, for a total of 76,825. This number represents an overall 0.2 percent decrease from exams administered in 2003.

For the first six months of 2005, the number of CPCU exams delivered is up slightly, but overall exam activity is behind 2004, primarily in IIA programs. The largest decreases in exam activity have been in the Program in General Insurance, the Associate in Claims program, and the introductory-level programs.

In January 2005 the Institutes began offering exams in four two-month testing windows: January 15–March 15, April 15–June 15, July 15–September 15, October 15–December 15.

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In response to anticipated exam cancellations and transfers resulting from hurricane related activity, the Institutes decided to make selected 2005 exams available to students in the first testing window of 2006. The selected exams are those where new exams, based on newly released materials, are being given. Details available at the Institutes' Web site: www.aicpcu.org/doc/2005Hurricane.htm. It is important to note that all requests for transfers must be made through customer service directly; these special exams are not available via Web registration.

In addition to the Prometric testing centers the Institutes has established 727 approved employer testing sites where students can take CPCU and IIA exams. Approximately 334 percent of all CPCU and IIA exams will be administered at these sites during 2005. Additionally, the Institutes on-line class enrollments continues to grow, reaching 1,500 in 2004.

In June 2005, the Insurance Research Council (IRC) released Analysis of Auto Injury Insurance Claims From Four Tort States. This IRC report examines auto injury claims in the tort and add-on states of California, Illinois, Texas, and Washington, exploring state differences in reported injuries, medical treatment, losses and payment, and attorney involvement.

Other research projects for publication in 2005 include:

Public Attitude Monitor Series, 2005. Issue 1 concerns public perceptions about homeowners insurers' profitability. Issue 2 is about public knowledge of homeowners insurance.

Analysis of Auto Injury Claims From Choice States. This IRC report examines auto injury claim statistics in the choice states of New Jersey and Pennsylvania.

Auto Injury Claims in NY: Differences Within the State. The New York City metropolitan area yields significantly different auto injury claim trends compared with surrounding regions of the state. Claim abuse in New York, and how this phenomenon interacts with other aspects of claiming behavior, is also examined in this report.

Fraud and Buildup in California Auto Injury Claims. As part of the IRC's 2002 auto injury study, file reviewers assessed claims for the presence of indicators of fraud and buildup. This report examines the prevalence of these indicators among California auto injury claims.

The IRC is a division of the Institutes, supported by leading property-casualty insurance organizations.. IRC does not lobby or take legislative positions. IRC Members in 2005 include Allstate, American Family Insurance Group, Farmers, The Hartford., Liberty Mutual, Nationwide, Safeco, State Farm, and USAA.

CPCU ANNUAL MEETING, AICPCU CONFERMENT IN ATLANTA



L to R: Pictures from the AICPCU's New Designee Reception—Ace's Frank Feng chats with Institutes Curriculum Director Lowell Young; AICPCU Curriculum Director Connor Harrison, Marketing Director Gina Mazzulla, and Curriculum SVP Chris Lewis; Past-President Ann Myhr congratulates a New Designee; three New Designees relax and celebrate.

Philly Chapter members and CPCUs from around the world gathered in Atlanta October 21-25 2005 for the 61st Annual Meeting of the CPCU Society, held jointly with the American Institute for CPCU Conferment for New Designees. During this time span, old acquaintances were renewed and plenty of new business and social networks were formed.



On Friday October 21, outgoing national president **Don Hurzeler** hosted the President's reception. On Saturday, the various Special Interest Section committees of the CPCU Society met, and the AICPCU hosted a New Designee Reception in the late afternoon. That evening, the festivities continued with the CPCU Society's opening reception.

Sunday was the big day for New Designees, as the Institutes conducted the conferment for the class of 2005, which has 885 new CPCUs. Famed author, columnist, and political commentator **George Will** gave the keynote address. Monday and Tuesday featured a series of value-packed seminars, many of which qualified for CE credits. Monday included a keynote address from cheerless television commentator **Lou Dobbs**, who lamented our free market system and advocated for American isolationism and protectionism. Philly Chapter members in attendance for the annual meeting included Ann Myhr, Pete Palestina, Donna Popow, Jon Hensinger, Jim Sherlock, and Marty Frappolli.



At the Special Guests Reception, George Will is flanked by a CPCU Academic Award Winner & Society President Don Hurzeler.

ABOVE: Roger Joyce, chairman of the CPCU-Loman Education Foundation, with AICPCU Presidents Emeritus Norm Baglini and Larry Brandon, pause before the conferment ceremonies.



BELOW: Sandy Masters, AICPCU Regional Marketing Director with Mary Ann Cook, AICPCU Director of Curriculum, at the Final Night Celebration.



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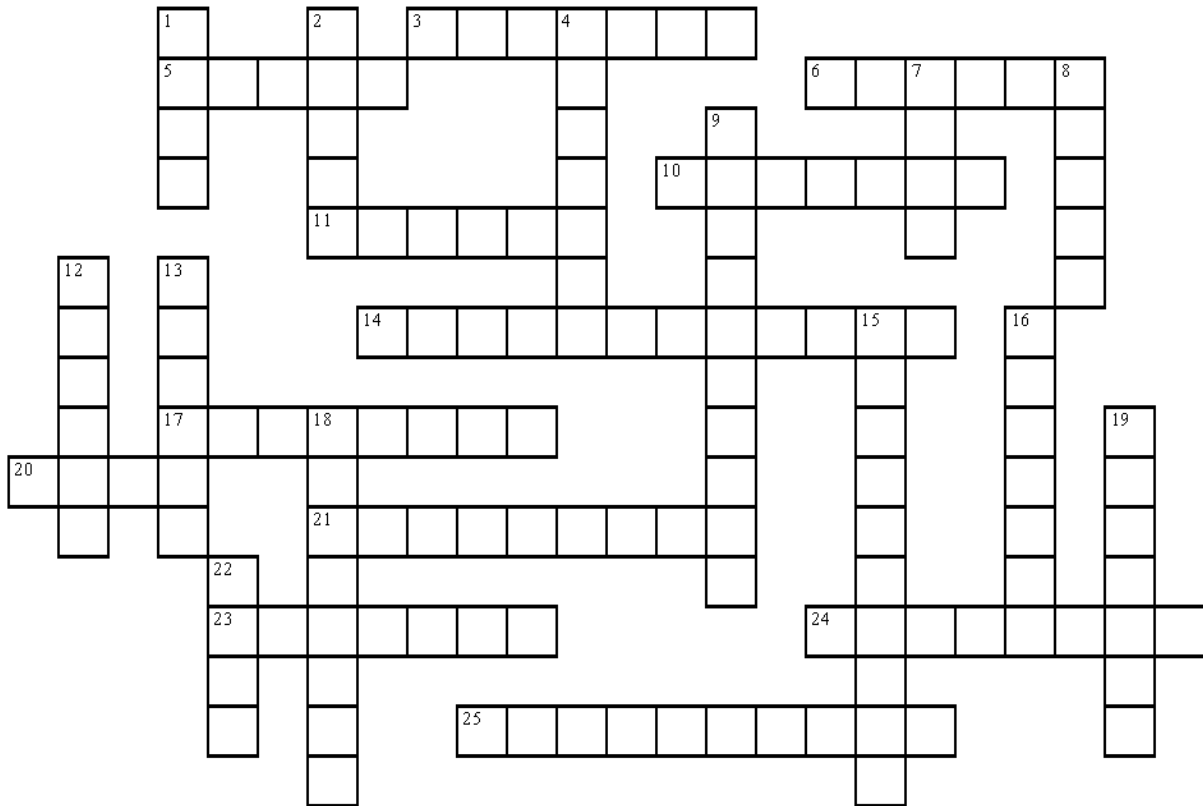


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ChapterGram Puzzle



ACROSS

- 3 Philly Chapter member starring in conferment video
- 5 Philly Chapter member TV celebrity
- 6 Feb. '06 breakfast meeting speaker
- 10 2005-2006 National CPCU President
- 11 One of the View From the Top speakers
- 14 Location of 2008 Annual Meeting
- 17 Location of the next chapter golf outing
- 20 2005 National conferment keynote speaker
- 21 Location of 2006 Annual Meeting
- 23 Location of 2005 Annual Meeting
- 24 CPCU Society immediate past president
- 25 Location of 2004 Annual Meeting

DOWN

- 1 Spread the Word about _____
- 2 Critic of capitalism, speaker in Atlanta
- 4 Costly catastrophe
- 7 Delaware Valley premiere insurance event
- 8 One of the View From the Top speakers
- 9 Home to Philly Chapter breakfast meetings
- 12 Location of 2007 Annual Meeting
- 13 Local University supporting CPCU
- 15 CPCU conferring organization: The American _____
- 16 Local University supporting CPCU
- 18 Speaker at the October breakfast meeting
- 19 Home to AICPCU and CPCU Society
- 22 A Philly Past President

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VIEW FROM THE TOP – SEPTEMBER BREAKFAST MEETING RECAP

Recap by Marty Frappolli, CPCU

On September 15, 2005, the Philadelphia Chapter hosted two regional insurance executives in the annual “View From the Top” breakfast meeting. President Jon Hensinger introduced the panel, beginning with John Solari, CPCU, President & CEO, Professional Underwriters. John was a psychology major in college, and after a stint in the construction business, he began his insurance career in underwriting. He moved to marketing and then to the agency side, but eventually returned to underwriting and earned his CPCU in 1992. He describes his firm as an underwriting-only “Program Administrator” and is careful to distinguish that from an MGA, which engages also in things like reinsurance and claims administration. Professional Underwriters specializes in the public entity sector – organizations like schools, police, city, and county governments.

John shared his philosophy that to be the best in the business, you need to know the business better than anyone. As an example in serving the public entity market, John knows that schools are tied very closely to the July 1 renewal cycle. He also emphasized that beyond knowing the business well, you must also service the business better in order to excel.

John recounted a feature of schools and other public entities that make them unusual as insureds – they welcome loss control. But, as non-profits, they do have a slow and bureaucratic budgeting process. He closed his segment with the question that he uses to challenge himself each morning: “What am I doing today to improve myself or my organization?”



John Solari, Jon Hensinger, and Steven Reiss pause while greeting audience members following the View From the Top session in September.

Our next executive was Steven Reiss, ACE Mid-Atlantic Regional Executive. Steven joined ACE just 45 days ago, after stints with AIG and Marsh. Steve examined all of the scandals that have come out of the Spitzer probes, and he asks how could such a large and great industry fall so hard due to the acts of just a few people? He then asked us to step back and take a broader look at the industry and its role in society. He noted that, upon completing college, his mother had hoped for him to work in an arena that contributed to the betterment of society – doctor, priest, social worker. He chose insurance, and he notes that insurance provides asset protection to groups and individuals, and that allows our society to

function as efficiently as it does. So he made that point to his mother 20 years ago, and the usefulness and the value of insurance industry is just as true today.



A packed house hears the View From the Top message from John Solari and Steven Reiss.

The industry continues to respond to “unprecedented” events like 9-11, Andrew, and Katrina. Insurance, at least in part, allows society to recover from the financial consequences of these events. Make no mistake, he tells us, insurance will have a positive, lasting, and yet unheralded impact on the recovery from Katrina. No special awards will be given to the agent who recommended flood insurance that permitted a company to stay in business and continue as an employer. No acclaim will be sounded for the claim reps hustling to the area in harsh conditions to begin to settle losses. But there is no doubt that insurance serves a larger purpose than its own industry profit motives. These types of events in fact are no longer “unprecedented,” so the industry must continue to plan to deal with them and continue to provide protection to society.

After Steven spoke, Jon Hensinger invited audience questions. John Solari was asked “What keeps you up at night?” He expressed concern for public entity rate levels, which look flat for 2006, despite rising loss costs. Steven, on the other hand, sees rates rising; the insurance industry cannot otherwise absorb the \$60 billion loss expected from Katrina.

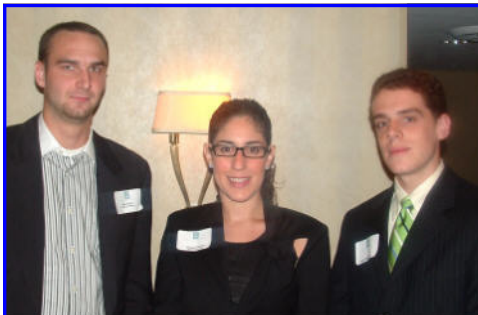
An audience member noted that most insureds communicate with the insurer only when there is a claim or a rate increase. How can the industry improve its public relations? Steve counseled that insurance professionals need to be customer focused, and that they must educate and communicate with clients, otherwise the customer will assume the worst. If you know that a client faces a rate increase at renewal, let them know early and be honest about it – don’t permit unpleasant surprises. John offered that the industry may miss a tremendous opportunity as it pays out the Katrina losses, but also told of one exception. He cited a Wall Street Journal piece

Continued on page 11

VIEW FROM THE TOP, continued

that followed the day-to-day activities of a State Farm executive in responding to Katrina. John thinks that insurance executives need to follow this example and make sure to get the story out to the press, which otherwise will focus on only the negatives.

The panel was asked “How can the industry attract and retain the best talent?” John responded that you need to pay a competitive wage, but must also show a career path, show recruits the potential to move ahead. Steve added that employers should offer specialization and training, not just “generalist” positions. With college students from both Temple and LaSalle in the audience, John asked them what they seek from prospective employers. Channa Feibush, of Temple, emphasized that salary is important, but training even more so. John pressed the issue to get starting salary expectations from the students, and they indicated that the minimum might be about \$35,000 but those at the upper end of the insurance programs who had completed internships were looking for salaries approaching \$60,000. This elicited several gasps from the audience, which may indicate a disconnect between the expectations of top new talent and the established insurance professionals in the room.



Temple University students Ben Faust, Channa Feibush, and Colin Wilhelmson.

From LaSalle: Daniel Parks, Kathleen McNichol, Dominick Barbuto (with our Treasurer Larry White).



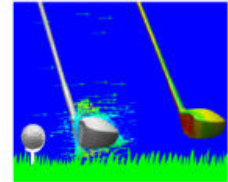
Our chapter was delighted to have these rising stars in attendance; it is encouraging to see the best of a generation who choose insurance as a profession. From LaSalle University, Assistant Professor (and chapter member) Kathleen McNichol, CPCU, ARM, was accompanied by students Daniel Parks and Dominick Barbuto. Attending from Temple University were Channa Feibush, Ben Faust, and Colin Wilhelmson.

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SETTING AND KEEPING STANDARDS

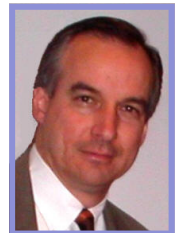
For an individual or an organization, some fundamentals for success are setting standards, maintaining those standards, and managing for the long term. Often, personal and corporate shortfalls can be attributed to a failure in sticking to these building blocks for progress.

For example, even after the very public failure of Enron and like corporations, many companies continue to manage with an eye little beyond the next quarterly report. Even among some of the big established names, we see a disturbing trend of restated earnings. Compensating managers by quarterly results, rather than by long-term performance, is a likely contributor to the problem.

Close to home, we in Philadelphia have watched a very successful model for competing in the National Football League. The complex NFL salary cap means that every contract decision has long-term implications for a team's ability to retain its best players and sign new ones. Even though we have yet to reach a Super Bowl win, the Eagles have been the winningest team in football over the past five years. In addition to the Birds' long term view on player contracts, the Eagles under Andy Reid have established and held fast to standards for the men in uniform. Talent is key, but the Eagles also screen for character. Eager to take that last step from division winner to Super Bowl Champion, the Eagles relaxed their standards

FROM THE EDITOR

Martin J. Frappolli, CPCU, AIS



to sign the troubled Terrell Owens. This deviation did actually help the Eagles get closer to their short term goal of winning a Super Bowl, but now the Eagles are paying a long-term price for having strayed from their successful formula. I'm sure that Andy Reid will never again deviate from the standards he wish he had kept.

In January, chapter members and guests are going to learn about insurance data standards from experts at ACORD and IDMA. Insurers and producers who embrace XML and establish data standards are going to reap the benefits. In a time when there are increasing information transparency requirements, data standards will be the key. Data standards improve agent/insurer interface, they enable more accurate and profitable underwriting, they facilitate fraud detection and prevention, and they help insurers meet ratemaking and regulatory requirements. This session is not geared for the IT tech types — it is full of practical information for the insurance professional to understand and apply on the job.

Don't manage for the short term, don't overlook standards in insurance data or in any phase of business, and don't stray from your standards unless you enjoy press conferences from Moorestown, NJ and intervention from Ralph Nader and Jesse Jackson!