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## VIEW FROM THE TOP

### Recap by Donna Popow, CPCU

Philly Chapter breakfast meetings for 2006-07 started with a wide-angle **View From The Top** presented by Thomas P. Nerney CPCU, Chairman, President & CEO of United States Liability Insurance Group and Spencer Roman, President & COO, AAA Mid-Atlantic Insurance Group. Together these gentlemen combined to give the 70 + attendees a view from the top that encompassed not only industry concerns but also personal growth concerns.

Mr. Roman opened the session with a description of the one feature common to all companies with consistent, profitable results. That feature is a rigorous and effective underwriting discipline. While the tools to perform risk assessment have changed, the basic premise has remained the same.

Mr. Roman sees several issues affecting the personal lines market. The first is the increase in hurricane activity. He believes that the 2004 and 2005 hurricane seasons were not a fluke, but part of the general hurricane pattern. The hurricanes have affected three market sectors:

- Primary personal lines insurers – some have been driven out of business. Others are exiting the homeowners line, selectively writing in coastal areas or raising prices on coastal properties. In response to the hurricane, underwriters have to better manage their coastal exposures.
- Reinsurers – prices are rising for those possibly affected by hurricanes. Additionally, there is some capacity constraint.
- Rating Agencies – while these agencies always considered weather related risk factors, they are now looking at 2 large hurricanes within a 12-month period.

Another issue affecting personal lines is the change in risk assessment and predictive modeling for pricing. There have been major changes in those factors insurers believe are predictive of claim activity. 20 years ago, those factors included territory, age, gender, marital status and driving record. Today those factors include credit score, proximity to certain types of establishments, level of education, employment category, and black box information from cars. Some of these factors are facing court challenges, so companies will have to be nimble in order to compete.

The final issue is the soft market, especially in personal auto. The factors driving this soft market are unusual. Investments are being driven by underwriting profit, loss ratios are holding at 100 and companies are using more sophisticated models to create pricing.

Mr. Nerney took a different approach when talking about major issues facing the insurance industry. He focused on the “people” aspect of the industry by saying that we need to regain

*Continued on page 2*

**From left to right, Spencer Roman, AAA Mid-Atlantic, Chapter President Jon Hensinger, and Tom Nerney of USLI.**



### Inside this issue:

<i>View from the Top, continued</i>	2
<i>Scenes from Nashville</i>	3
<i>Chapter Members Visit to Temple University</i>	4
<i>AICPCU Report to the CPCU Society</i>	5
<i>President's Message: Aloha Hawaii</i>	7
<i>Scholarship Thanks</i>	8
<i>LaSalle and Professional Networking</i>	9
<i>Intellectual Property Risks—October recap</i>	10-11
<i>Breakfast Meeting Survey Results</i>	12

## MARK YOUR CALENDAR FOR UPCOMING EVENTS

**Dec 4:** Philly I-Day. Loews Philadelphia Hotel. Theme: *Contemporary Issues in Property and Casualty Risk & Insurance*

**Jan 18:** Breakfast Meeting, 8:00 am, The Union League, Philadelphia. Topic: *Risk Management*.

**Feb 15:** DINNER Meeting, 5:00 pm, The Union League, Philadelphia. Topic: *Career Management*.

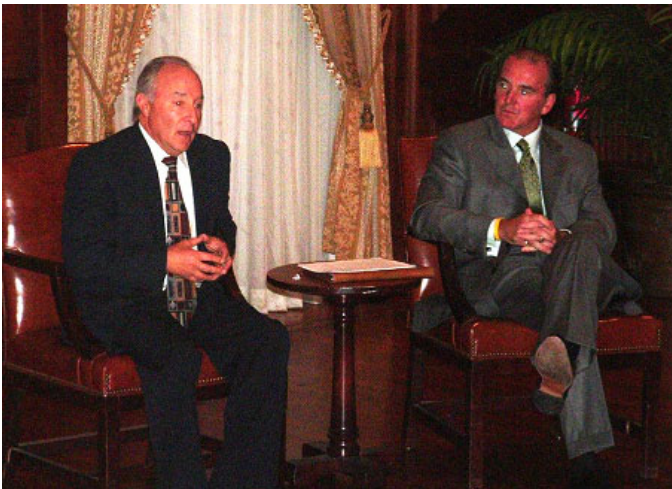
**Mar 15:** Breakfast Meeting, 8:00 am, The Union League, Philadelphia. Topic: *Ethics and Claim Fraud*.

## VIEW FROM THE TOP, continued

the passion for the insurance industry. According to the Bureau of labor statistics there are 1.5 million people employed in the insurance industry. He believes that employers have a responsibility to lead by example and develop professional employees.

One way to do this is to identify core competencies and then strive to be the very best at them. Build a business plan around the core competencies, and then deliver consistent service based on measurable standards. Mr. Nerney believes the insurance industry has failed to do this, citing the all too familiar situation of a policyholder waiting 6 months for the insurer to issue a policy. To reverse this situation, Mr. Nerney urges everyone to take personal responsibility to improve customer service. Focusing on service will improve the industry and the employee. One way of doing this is to never share pain with the customer; there is always some area for improvement within the company, but the customer does not need to hear all about it. He suggests giving the customer only what they need to know.

Because insurance is a mature industry, innovation alone will not sustain it. Mr. Nerney suggests that we create a team environment and invest in employees by developing personal and professional skills that will increase self-esteem and self-confidence, in addition to work knowledge. He believes a caring leader should help others to improve, not stay the same. He also believes that the industry must make a commitment to recruit younger people. This helps keep all employees focused on the fundamentals and will ultimately improve the bottom line.



**Spencer Roman, left, and Tom Nerney, right, discuss the industry outlook during the September 2006 View From The Top chapter breakfast meeting.**

During the question and answer period Mr. Nerney and Mr. Roman were asked how to attract young people to the industry. Mr. Nerney's answer was to actively recruit. He

stressed that the responsibility for recruitment does not rest solely within human resources, but also with team leaders. Every person who applies for a position should get a reply. He also recommends a college internship program. Mr. Roman also believes that a pipeline into colleges is critical for recruitment, and that this should be an industry-wide effort. However, he



**Aerial view of hurricanes off the US coast.**

believes that college recruitment is having limited success, partly because of the bad press the industry received in the aftermath of Katrina. Mr. Nerney believes the distribution side has not done a good job of recruiting and training new people in the fundamentals of insurance. Mr. Roman believes that his company struggles to recruit new people for sales.

A follow-up question concerned the interplay between recruitment and customer service. Mr. Nerney suggests that employers be up-front with new hires and tell them what continuing education is expected. He also advocates financial incentives. Mr. Roman agrees that continuing education plays a part in achieving customer service, but also believes that customer service is a mindset and that employees must feel empowered in order to achieve great customer service.

Another question concerned the role of the federal government as a backstop for the insurance industry. Mr. Roman believes that the government should play a role but that the stumbling block is how to fund it. A related question concerned Sarbanes Oxley. Mr. Nerney believes that it was a good idea taken to an extreme. He is of the opinion that state regulators are not paying enough attention to insurers until they go bankrupt. Mr. Roman thinks that lack of trust is driving change within the industry, not Sarbanes Oxley. He is of the opinion that the insurance industry has been ahead of the curve when it comes to regulatory compliance.

This view from the top sees training and reinforcement of fundamentals as the means to achieve underwriting discipline and great customer service. Both speakers urged all of us to strive to achieve both.

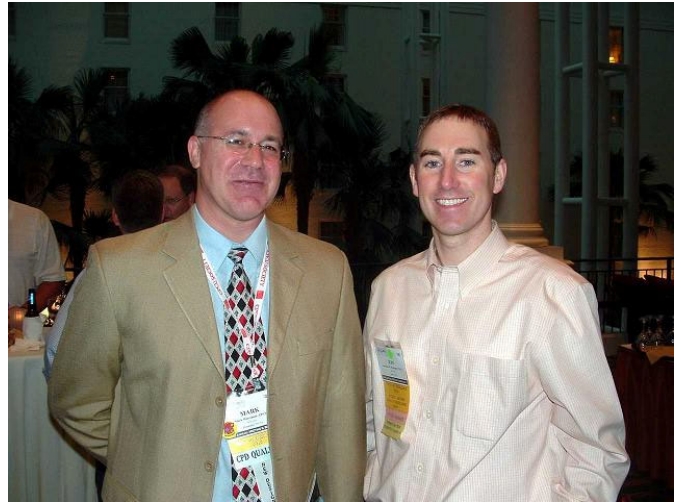
## SCENES FROM NASHVILLE—ANNUAL MEETING 2006



For the New Designee Conferment ceremony, the American Institute for CPCU chose keynote speaker Dr. Jerry Linenger. Dr. Linenger served on the Russian Space Station “Mir” and relayed tales of near death encounters in space. He was universally regarded as one of the most powerful speakers ever at this event. Here, he is congratulated by AICPCU Director of Curriculum Lowell Young.

The CPCU Society’s Annual Meeting and Seminar was held in Nashville, TN, from September 9-12, 2006. Attendees participated in interest section meetings, chapter award ceremonies, the AICPCU conferment ceremony, educational sessions, networking events, and a night at the Grand Old Opry.

Pictured below, Philadelphia Chapter new designee Mark Mulreaney chats with president Jon Hensinger at a hosted reception in the Gaylord Opryland Hotel.



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## GAMMA IOTA SIGMA AT TEMPLE UNIVERSITY

## Recap by Erin Vaccaro, Temple University

Gamma Iota Sigma is a professional student organization for students majoring in Risk Management and Insurance, Healthcare, and Actuarial Science. The International organization has 48 chapters in the U.S. and Canada, which now includes our newest chapter, St. Joseph's University, which was inducted in the beginning of October. The Sigma Chapter of Gamma Iota Sigma at Temple University is the largest and one of the most successful chapters of Gamma Iota Sigma. The Temple chapter has been recognized as the most outstanding chapter of GIS for seven consecutive years (most recently in October 2006) and twelve out of the last fourteen years.



**Gamma Iota Sigma Executive VP Alan C. Williams, Ph.D., CPCU, CLU, addresses the students before Brian Duperreault's lecture.**

The purpose of Gamma Iota Sigma is to encourage, establish, and enhance the professionalism of students as well as provide students with as much exposure to their future industry as possible. Gamma Iota Sigma achieves this through a variety of intricate activities including the H. Wayne Snyder Distinguished Guest Lecturer Series, mock interviews, interview workshops, etiquette workshops, Membership Development workshops, Risk Management and Actuarial Science focused career and internship fairs, socials, and community service projects.

On October 4, 2006, the Sigma Chapter hosted Brian Duperreault, the former Chairman, President and CEO of ACE Global. Mr. Duperreault began his speech by telling all the students how exciting it is that they are the future of the insurance industry. He continued to speak about the behavior of the current property and casualty markets around the world since September 11, 2001. Other topics that Mr. Duperreault touched on were recent catastrophic events as well the reactions of reinsurers to such events. Mr. Duperreault concluded his speech by informing students what ACE INA looks for when hiring employees, and that he can not think of a better job than a career in insurance. Students were very impressed with Mr. Duperreault's speech and walked away with greater knowledge of the reinsurance markets.

The Sigma Chapter is strongly encouraged by Dr. Norm Baglini (former president of the AICPCU and current professor at

**Temple's Gamma Iota Sigma members — risk management and insurance students — who were 2006 NAPSLO award winners.**



Temple) to be involved with the Philadelphia Chapter of the CPCU. Several students have attended the Philadelphia Chapter's CPCU breakfast meetings on Thursday mornings at the Union League. Also, attending the lecture were Dr. Alan Williams, Executive Vice President of Gamma Iota Sigma, and Philadelphia Chapter members Marty Frappolli, President Jon Hensinger, Rina Williams, Margo Subokow,. All guests had the opportunity to interact with students during a luncheon immediately following the lecture.

**For more information about Gamma Iota Sigma, please contact Ben Faust at [bfaust@temple.edu](mailto:bfaust@temple.edu) or 215-204-9368.**

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## AMERICAN INSTITUTES' REPORT TO THE SOCIETY

**Summary by Donna J. Popow, JD, CPCU, AIC, RPA**

The 2006 *American Institute for CPCU* and *The Insurance Institute of America's Report* to the CPCU Society was presented at the Annual Meeting in Nashville. A major announcement was the appointment of Peter L. Miller, MBA, as the new President and CEO of the Institutes, replacing Terrie Troxel. Pete joined the Institutes in 1992 and rose to SVP in 1998 with oversight of finance, IT, and HR. Pete was appointed EVP in 2002, with responsibility for the full range of the Institutes' business functions and international and executive education activities. Pete graduated Colorado State University with a B.A. in business administration, a minor in economics, and a master's in systems management. He holds a master's degree in business administration from Villanova. Pete has done doctoral work in computer information systems and is currently pursuing the CPCU® designation.

As of August 1, the 2006 class of new CPCU designees totaled 746. The class size for the 2007 Hawaii conferment will be significantly greater. The CPCU exam activity for the first six months of 2006 was 10,620, an 8.9% increase over the same period in 2005. IIA exams increased 5.3% over last year, with a total of 30,722 for the January to June 2006 period.



The Institutes have published new textbooks for CPCU 510, *Foundations of Risk Management and Insurance*, and CPCU 540, *Finance for Risk Management and Insurance*

*Professionals*. The revised CPCU 510 includes new chapters on risk assessment and risk control, insurance markets and the insurance mechanism, and the DICE Method (a systematic approach to post-loss policy analysis). The new CPCU 540 text is written specifically for risk management and insurance professionals. In addition to covering general corporate finance concepts applicable to the insurance industry, the new text includes material on the insurer operating environment and corporate finance, insurer investment strategies, insurer income and dividend policy, insurer capital needs and sources, and the capital structure of insurers.

The Institutes have also added readings to CPCU 551 and CPCU 557 course guides. These readings include such topics as the Terrorism Risk Insurance Act, 2002 and 2006 revisions to the ISO Commercial Crime Coverage Forms, 2006 revisions to the ISO Commercial Auto Coverage Form, and 2004 and 2005 revisions to the ISO GL Coverage Form.

IIA materials have also been revised for exams beginning in 2007. All three segments of the AAI 83 text, *Agency Operations and Sales Management*, have been revised to reflect the current agency environment. The text for AIC 33, *Claim Handling Principles and Practices*, includes new chapters on risk and insurance, investigation, and litigation management. The revision of ARM 56 *Risk Financing* completes the restructuring of the ARM program. The program now more accurately reflects the practical issues that risk managers face today and in

the future. Major changes have been made to the Associate in Insurance Accounting and Finance (AIAF) and the Associate in Surplus Lines (ASLI) designation programs. For exams taken in January 2007, the new CPCU 540 course will replace the current AIAF 113 course, Insurance Company Finance. In conjunction with the Derek Hughes/NAPSLO Educational Foundation, the Institutes have revised the ASLI program to include a single list of elective courses and two new required courses, ASLI 163, Surplus Lines Insurance Operations, and ASLI 164, Surplus Lines Insurance Products. The new completer rules for both AIAF & ASLI designations are on the Institutes' Web site.

In April 2006, the CPCU Experience Team was formed to explore ways to attract more people to, and retain them in, the CPCU program. The team is expected to issue a full report in the fall. The Institutes offer a new service of a search function that allows company representatives or the general public to verify whether a new employee, an applicant, or an industry professional holds an Institutes designation or certificate. This search function can be found on the Corporate Services section and the About Us section of the Institutes' Web site.

The Institutes sponsored two free ethics Webcasts to help students explore real-world ethical problems, find ethical solutions, and make thoughtful ethical choices. Over 400 people participated in the March 2006 inaugural Webcast, "Getting it Right—A Webcast on Today's Ethical Challenges." Panelists examined fundamental issues that affect ethical decision making and what separates individuals and businesses that get it right from those that do not. In June, a second Webcast entitled "Everyday Ethics—A Case-Study Approach to Making the Tough Calls" featured panelists using a case-study approach to help participants consider ethical issues in the aftermath of a severe storm, giving them practical tools to reach a decision. Free recordings of both Webcasts are available on the Institutes' Web site. A free workshop program, Street Level Ethics, written by Chris Amrhein, is also available.

The Institutes rely on course leaders and sponsors to promote public classes. Each year, the Jack F. Derrickson Award for Outstanding Course Leadership is awarded at the CPCU conferment ceremony. The award is given to a teacher of insurance courses whose students pass CPCU and IIA exams at a rate higher than the national average over an extended period. This year's winner is Marc W. Cleary, CPCU, ARM, a product lines specialist with Liberty Mutual. Marc has taught Institute courses since earning his designation in 1984. He is a graduate of Stonehill College in North Easton, Massachusetts, and is an instructor for the Insurance Library Association of Boston and the Boston Chapter of the CPCU Society.

The Insurance Research Council (IRC) published several reports in 2006: *Florida Auto Injury Claim Environment*; *2006 Summary Report*; *Fraud and Buildup in New York Auto Injury Insurance Claims*; and *Uninsured Motorists, 2006 Edition*. Other IRC research scheduled for publication in 2006 include *Catastrophic Natural Disasters* and *Alternative Treatment in Auto Injuries*.

# CPCU



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**PRESIDENT'S CORNER: Philadelphia CPCU goes to Hawaii**

**Jon Hensinger, CPCU, ARM**



Aloha! As part of our planning for the CPCU annual meeting in Philadelphia in September of 2008, the Philadelphia Chapter is going to Hawaii. Why are we going to Hawaii? The CPCU Society is giving us a free exhibitor booth at the annual meeting in Hawaii in September of 2007. The purpose of the free exhibitor booth is to give us the opportunity to promote the annual meeting that will be held in Philadelphia the following year. So we are off to Hawaii to promote the Philadelphia annual meeting.

What will we do in Hawaii to promote the annual meeting in Philadelphia? We don't know yet. It is still 2006 after all. But we have begun our planning. If we follow the traditional format, we will give away free stuff. We can do that. We have already begun soliciting local companies for donations of products or merchandise for us to give away in Hawaii. We will likely also give away some standard Philadelphia tourist info. I expect we will learn a few interesting things about Philadelphia ourselves in the process. After all, as locals we probably take for granted that Philadelphia is a tourist destination. Our marketing plan is still very vague at this point, but that is OK. The next step in the planning process for us is to establish a volunteer team to lead our Hawaii planning efforts. And I am pleased to announce we have recently assembled our team.

Leading us to Hawaii will be veteran National CPCU volunteer Eric Fitzgerald (Marshall Dennehey Warner Coleman and Goggin), who recently completed a volunteer tour as a Section Governor. Supporting Eric will be Philadelphia Chapter Director Charlie Butler (AAA Mid-Atlantic), and 2006 New Designee Mark Mulreaney (ACE). With the help of any other volunteers who join them along the way, this group will create a marketing, merchandise, and staffing plan for the Hawaii annual meeting.



We will challenge this volunteer team to be creative in their marketing efforts. Anyone can create excitement about an annual meeting that is being held in a tropical paradise like Hawaii. But since we do not have a tropical paradise to offer our visitors, creating excitement about the Philadelphia annual meeting while in Hawaii will likely be a challenge. We will need to be creative.

I continue to be amazed by the high quality of work done by our Philadelphia chapter volunteers. If past performance is any predictor of future success, we will succeed in making a very favorable impression on people who attend the annual meeting in Hawaii in September of 2007.



Keep in mind that planning for Hawaii is just a first step in our hosting a highly successful annual meeting in Philadelphia in 2008. If helping plan for Hawaii interests you at all, I encourage you to give me a call. We are always on the lookout for talented new volunteers. Our planning for Hawaii is just one the many, although perhaps more exotic, ways to get involved with Philadelphia CPCU.

**Jon Hensinger, CPCU, ARM  
President, Philadelphia CPCU  
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## TEMPLE RISK MANAGEMENT & INSURANCE STUDENTS EXPRESS THANKS

### By Jon Hensinger, President

In August 2006, Philadelphia CPCU awarded \$8,000 in scholarships to students in Temple University's Risk Management & Insurance program for the 2006-2007 academic year. While we get full credit for this donation, only \$5,000 came from Chapter funds. The remaining \$3,000 came in the form of matching funds from the Loman Foundation. Temple will award half of our scholarship money to students in the fall semester, and then will award the other half in the upcoming spring semester.

Our scholarship donation has sparked a small wave of inspired thank you letters from grateful Temple Students. Here are two of the thank you letters that we received recently, which we reprint here with permission of the authors. Granting scholarships to high performing risk management students accomplishes much more than just helping college students make ends meet, we are investing in a future generation of industry leaders who will recognize that the CPCU Society began insuring their success before they even entered our industry.

September 15, 2006

Dear Mr. Jon Hensinger,

I would like to take this opportunity to thank you for allowing me to be the recipient of the CPCU scholarship.



This scholarship is extremely helpful in reducing the financial strain that attending college has put on me and my family. It has given me the incentive to continue to strive for greatness and continue to excel academically.

Again, thank you for contributing to my future as a Risk Management and Insurance and Actuarial Science double major at Temple University.

Sincerely,

*Kathleen Siobhan Shillingford*

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September 7, 2006

Dear Mr. Jon Hensinger:

I would like to take the opportunity to thank you for the Philadelphia Chapter CPCU Scholarship. I am truly honored to be one of the recipients this year. The scholarship will be contributed toward my education in the Risk Management and Insurance department at Temple University. I feel very privileged to receive a scholarship from an organization that holds such high standards.

I have only been a part of the Risk & Insurance department for a short time now, and it has been very enjoyable and rewarding. It came as a surprise to receive this award, but it has reaffirmed that working hard and being dedicated can bring recognition of a job well done and generous rewards.

Again, I would like to thank you for the acknowledgment of my scholastic achievements and the encouragement towards achievement in my future as a Risk student.

Sincerely,

*Diane Szish*



**DIANE SZISH**



## Educational Enhancement Through Professional Networking

### Educational Enhancement Through Professional Networking: La Salle University's Risk Management and Insurance Program

**Kathleen S. McNichol, MBA, CPCU, ARM, Assistant Professor and Coordinator, Risk Management and Insurance Program, La Salle University**



The Risk Management and Insurance Program at La Salle University works to fulfill the mission of the School of Business by providing students with opportunities to blend theory learned in the classroom with current business practice. Students can earn a minor in Risk Management and Insurance while majoring in another business or liberal arts discipline. The opportunity to learn through experiential education is highly valued at La Salle. Students can learn experientially by participating in an internship, becoming involved in our chapter of Gamma Iota Sigma, and attending meetings of professional organizations.

Many of our students seek part-time or full-time, temporary employment in insurance companies, brokerage firms, and risk management related departments of corporations. Recently, one of our students, Lamera Ferguson, was selected by Morgan Stanley in New York City to spend seven weeks in the Risk and Insurance Management Department, a position funded through the Spencer Student Internship Program. Lamera said of her time at Morgan Stanley, "It was such an eye-opening experience to learn about all the different insurance policies and various insurance coverages that a large corporation maintains." We also had students placed at USLI, Prudential Insurance Company, AFLAC, New York Life and American Express.

Our chapter of Gamma Iota Sigma is active in bringing representatives from the risk management and insurance community to campus. We have hosted the Risk Manager in Residence Program for six consecutive years. The program allows us to bring a practicing risk manager on campus for up to three days. The Risk Manager is a guest lecturer in our RMI classes and has the opportunity to speak with our students about career issues in a group or in one-on-one discussions. This program is funded through a grant received from the Spencer Educational Foundation.

In addition, our chapter hosts corporate presentations throughout the academic year. We invite representatives from area insurance and insurance related firms to our campus to discuss their firm's operation, career opportunities and topics that relate to discussions in the classroom.

Interaction with practicing professionals is a very effective way to introduce undergraduate students to the insurance industry and risk management community. These ties are constantly being sought and maintained.

Recently, we have been able to attend the monthly breakfast meeting of the Philadelphia Chapter of the CPCU Society. Students are quite receptive to the chance to hear a speaker on a topic that very often relates to work they have done in an internship or to a topic that is being discussed in one of their RMI classes. They enjoy the informal conversation that takes place during breakfast and after the formal program. Matt O'Neill '07 said of a recent breakfast meeting, "The CPCU Breakfast is a great way to learn about current issues affecting the industry and also to network with many industry professionals and learn about the variety of career opportunities available."

The Philadelphia Chapter has generously provided three season tickets to our students this year, which will ensure our ability to have students participate in this great educational and networking opportunity. Also accentuating our ties with the insurance community, three La Salle students were honored by the Insurance Society of Philadelphia in June 2006 with its 100<sup>th</sup> Anniversary Scholarship. The students were selected based on academic performance, extracurricular involvement, and demonstrated interest in a career in the insurance industry.

During the 2007 – 2008 academic year we will celebrate the 25<sup>th</sup> Anniversary of the Risk Management and Insurance Program at La Salle University. As we approach this milestone, we look forward to deepening our involvement with the insurance industry and its representatives to enhance the learning experience of our students.



**La Salle Risk Management students who recently participated in the Guy Carpenter Case Competition: Bill Smart, Lamera Ferguson, Colette Nicoletto, and Chris Vokolos, all of whom will graduate in 2007.**

## JOHN CHIONCHIO on INTELLECTUAL PROPERTY RISKS—OCTOBER MEETING RECAP

### Recap by Donna Popow, CPCU

At the October breakfast meeting, John A. Chionchio, Esq., from the law firm of Synnestvedt & Lechner, provided underwriters, risk managers and business owners with primer on intellectual property risks. John began by explaining that intellectual property is the knowledge, know-how, artistic expression or good will that is represented by a written legal instrument such as a patent, trademark, or copyright. Intellectual property can also be a trade secret. Intellectual property is an important element when evaluating a risk because it is an asset of a company. It can provide a competitive advantage, provide an income stream, establish a reputation and enhance the overall value of the company.

Patents, trademarks, and copyrights are like deeds. They are evidence of rights that the holder has in the intellectual property. Any company that engages in creative work, such as music, art, entertainment, manufacturing or R&D, will have intellectual property that should be protected. The type of protection depends on the type of property.

Patents are used to protect new, useful and non-obvious inventions. Patents are granted by the U.S. government for a limited term. In order to obtain a patent the inventor will usually hire a patent attorney to perform a patent search and prepare the paperwork for filing with the U.S. Patent Office. The application will be reviewed and, if accepted, a patent will issue to the inventor. The risk exposures associated with patents are:

- **Loss of potential patent rights** - This can occur when an inventor fails to obtain a patent on an invention and someone else invents the same product and does get the patent. This risk can be mitigated by employee inventorship agreements and internal company policies regarding the handling of research materials, public disclosure of information and offers for sale.
- **Loss of actual patent rights** - One way this can occur is if the inventor fails to maintain the patent. Failing to pay the maintenance fee will result in loss of patent rights. This risk can be mitigated by having an awareness of when fees are due, by marking products with the patent registration number or patent pending mark, by actively searching for those who might be infringing the patent, and by providing licensing agreements to those who would like to make the product.



**John A. Chionchio, Esq.**

- **Infringement of 3<sup>rd</sup> party patents** - This occurs when one party uses or sells the patented product of another and does not obtain permission to do so. This risk can be mitigated by performing studies to see what products already exist, identifying competitors' patents, and by licensing or gaining permission to use the product.

Trade secrets are closely aligned with patents as intellectual property. It usually involves something which could be patented but the inventor does not want to disclose the invention to the world. Instead, the inventor decides to keep it a secret because it gives the holder a competitive advantage. The formula for Coke is probably the best known example of a trade secret. Trade secrets usually involve chemical formulae, manufacturing processes, technical designs, client or mailing lists and marketing plans. The obvious risks to trade secrets are the loss of secrecy and charges of theft of a trade secret. These risks can be mitigated by maintaining strict plant security, enforcing policies regarding the handling of sensitive information and restricting employee behavior by having them sign effective non-compete agreements, along with informing them that adherence to trade secret policies is a condition of employment.

Trademarks are used to protect any word, name, symbol, or device used to identify and distinguish goods from those manufactured or sold by another and to indicate their source. Trademark rights arise from use and may be registered to enhance the basic rights. There is no limitation on the term of a trademark. Trademark rights can be lost and they can be infringed upon. To prevent the loss of trademark rights, trademarks should be:

- Registered
- Renewed and maintained
- Licensed, and licensing agreements should be enforced
- Identified by ® or TM
- Properly used in advertising

To avoid infringing a trademark, a trademark search should be performed when designing a trademark, before financial resources are committed to implementation of the mark.

The final method of protecting intellectual property is a copyright. A copyright protects creative expression but not the idea. Therefore, it is possible to write a novel about the Civil War but it is not permitted to write a novel using the characters Scarlett O'Hara and Rhett Butler. Copyrights have a long duration which varies



*Continued on page 11*

**JOHN CHIONCHIO on INTELLECTUAL PROPERTY RISKS — Continued**

depending upon the work. Copyright protects any work fixed in a tangible medium of expression and arises when the work is fixed in that medium. Thus, if you create a poem on a cocktail napkin, the copyright arises when pen is put to napkin. To gain additional benefits, the copyright may be registered with the Library of Congress. Like trademarks and patents, it is possible to lose copyrights and infringe them. To avoid loss of copyrights, one should:

- Provide copyright notice by use of the symbol ©
- Use employee agreements regarding ownership of creative works
- Register and enforce copyrights
- License copyrights

To avoid infringing a copyright, institute a company policy respecting the intellectual property of others. Obtain permission to use the intellectual property of others when necessary.

During the Q&A, John was asked to give a brief history of these protections. He explained that, during the Renaissance period, Venice was a powerful city-state. It wanted to increase its economic power, so its leaders invited artisans to

come to Venice to practice their craft. In exchange, the artisans were granted special status and exclusive right to make and sell their crafts. Some time later, in England, the crown gave special status or patents to certain parties, such as the “boot maker to the Crown”.

In return for this special status the boot maker would pay fees to the crown, which became known as royalties. Eventually, intellectual property rights became a vehicle for the advancement of the arts and sciences, protecting the individual rather than the government. How a society or country views intellectual property rights is an indicator of their economic position. Economies in their infancy generally have little or no respect for intellectual property rights. They simply take what they need. But as the economy grows, it becomes worthwhile to protect these rights. John concluded by noting that today, China leads the world in piracy of intellectual property, and it will be a notable measure of their progress when they begin to defend and enforce intellectual property rights.



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## MEETING ATTENDEE FEEDBACK IS WELCOMED

### Survey by Margo Subokow, CPCU

To help us better understand and serve the needs of chapter members, we surveyed those attending the October 2006 Breakfast Meeting. We also asked, in the survey, for anyone interested in becoming more involved in chapter activities.

We are gratified to report that the responses were all very favorable. All responses on rating the event fell into the categories of **Excellent** or **Good**. The comments are also provided below.

Total in meeting attendance: **34**

Survey Responses: **23** (several Board members were not part of the response)

Response of **Excellent**: **17**

Response of **Good**: **6**

#### Comments under **Excellent**:

- few more brief case examples
- very accessible
- presenter very knowledgeable



- A really good lecture. Very informative & exciting
- Very informative and entertaining
- Leading edge topic--thanks

#### Comments under **Good**:

- Really enjoyed ... something not often discussed in insurance
- It would have been interesting to have a broker or carrier with this speaker to discuss coverage forms that cover these risks
- Sometimes difficult to hear in room
- More interaction between speaker and audience

Additionally, we were fortunate enough to gain **FOUR** new volunteers through the survey. Committee leaders will be contacting these new volunteers to discuss specific task participation.

We will continue to request this type of feedback at the November meeting as well. If anyone has further suggestions to improve this process, please feel free to let me know. Thank you!

