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National President Don Hurzeler Coming to Philly



Donald J. Hurzeler, CPCU, CLU

The Philadelphia Chapter CPCU Society will start the new year in grand style. Our January 2005 Breakfast Meeting (January 20) features Donald J. Hurzeler, CPCU, CLU, National President of the CPCU Society.

Our topic that day is "How to Survive & Thrive in Today's Insurance Organization." See <http://Philadelphia.cpcusociety.org> for details and watch for the program flyer to be posted there before December.

Don is an executive with Zurich North America in Schaumburg, Illinois. Prior to joining Zurich, Don was First Vice president for Reli-

ance National Insurance in New York City. For the first twenty-seven years of his career, Don was with Allstate Insurance and their commercial company, Northbrook Property and Casualty.

In addition to holding both the CPCU and CLU designations, Don has a B.A. degree in Business Administration/Economics and an A.A. Degree in Property and Casualty Insurance. He has completed continuing education courses at Harvard, Northwestern – Kellogg School of Business and elsewhere.

Don is currently the Chief Marketing Officer for Zurich's Commercial Business Group. He is also President of the Zurich Foundation. Don served as CEO Zurich Middle Markets from 2001-2004.

Prior to being named CEO of Zurich Middle Markets, Don was Chief Underwriting Officer of Zurich U.S. His background includes having been both a sales and marketing officer. He was president of an insurance brokerage, a branch manager and a training manager. Don started his career as a rater while attending college.

Don is the National President of the CPCU Society for the 2004-2005 year. He has authored a book "Designated for Success" that focuses on career strategies for insurance professionals. Don and his wife Linda reside in Lake In the Hills, Illinois.

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We have changed our web address! Find the latest Philadelphia Chapter information at our new website: <http://philadelphia.cpcusociety.org>. You can still see chapter history and the terrific photo galleries at the old site, <http://www.philadelphiacpcu.com>.

MARK YOUR CALENDAR FOR UPCOMING EVENTS

Dec 9: I-Day, 2004. Landmark insurance event at the Wyndham Hotel in Philadelphia, includes ND conferment.

Jan 20: Breakfast Meeting, 8:00 am, Doubletree Hotel, Philadelphia. *Donald Hurzeler*, see feature story above

Feb 17: Breakfast Meeting, 8:00 am, Doubletree Hotel, Philadelphia. Topic will be *Developments in Workers' Comp & Personal Lines Issues*

Details: <http://philadelphia.cpcusociety.org>

President's Message—LEARNING OUTSIDE THE BOX

Martin J. Frappolli, CPCU, AIS

Most insurance professionals know about the value of earning the Chartered Property Casualty Underwriter (CPCU) designation. Persons achieving the CPCU designation are recognized for the rigorous education, experience, and ethics required. Both the individual and the insurance community are enriched by such focused effort to promote professionalism and ethical conduct in the industry.



Less well known, perhaps, are the "outside-the-box" doors that open for persons earning the CPCU designation, and the other insurance education programs available from The American Institutes.

Headquartered in Malvern PA, The American Institutes include the American Institute for Chartered Property Casualty Underwriters (AICPCU) and the Insurance Institute of America (IIA). As the name suggests, the AICPCU administers the CPCU program. The IIA administers many other educational programs and professional designations, such as the Associate in Claims (AIC) Program, the Program in General Insurance (INS), the Associate in Information Technology (AIT) Program, and the Associate in Insurance Services (AIS) Program.

Do you feel that you might be more effective in your job with a greater understanding of information technology? The transition from the era of mainframe-dominated, centrally controlled data processing to the era of empowered users, PCs, and worldwide networks created a technology 'knowledge gap' for many insurance professionals. Managers can no longer delegate all information processing decisions to the technical staff. Understanding the IT environment is key to success in business.

IIA staff developed the Associate in Information Technology (AIT) program to help people bridge the gap between insurance professionals and IT professionals. Although the program was designed with non-technicians in mind, it has served both communities. While it covers the technical areas that business people need to understand, it also presents IT professionals with an in-depth understanding of insurance automation issues.

While the AIT program is open to all insurance professionals, there is a neat tie-in for CPCUs. The CPCU Society has 14 Special Interest Sections reflecting the diversity of specialty areas within the insurance profession, and one of them is the Information Technology Section. This is not a

"geeks-only" group, but one that provides an insider's view of the growing influence of information technology on all fields of interest in the insurance industry. Obtain the AIT designation (see <http://www.aicpcu.org/flyers/ait.htm> for details), join the IT Special Interest Section of the CPCU Society (their website is <http://infotech.cpcusociety.org> for details), or both. You can become more effective at work, at home, and wherever technology touches your life.

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Congratulations New Designees!

In our last issue, we noted ten of our 2004 New Designees. We are pleased to announce that six more insurance professionals passed their last CPCU exam in June or July to qualify for the October 2004 conferment.

Here are all sixteen of our 2004 Philadelphia Chapter New Designees:



Jacques Arragon, CPCU, Marsh Inc
Frank V. Broussard, CPCU, Fireman's Fund Ins. Co.
Amy E. Fitzpatrick, CPCU, Resolute Management Inc
Vincent F. Frustillo, CPCU, Liberty Mutual Ins. Group
Brigita Gorberg, CPCU, Towers Perrin
Hou-wen Jeng, CPCU, Towers Perrin
Kevin McEvoy, CPCU, State Farm Insurance Cos
Susan Lee Monahan, CPCU, Commerce Insurance
Kenneth T. Murray, CPCU, United National Group
Donna M. O'Brien, CPCU, Aramark Corp
Dennis J. Owens, CPCU, State Farm Insurance Cos.
Pamella J. Raison, CPCU, AIG Marketing Inc
Stephen G. Sobocinski, CPCU, Selective Insurance Cos.
Scott A. Sterling, CPCU, American International Group
Patricia S. Thompson, CPCU, ACE USA
Nancy G. Varela, CPCU, Accenture

AICPCU/IIA to Deliver Society of RPA Exams

MALVERN, Pa.—The AICPCU/IIA have signed a partnership agreement with the Society of Registered Professional Adjusters to administer the examinations that lead to the Society's Registered Professional Adjuster (RPA) designation. This joint announcement was made by Donna J. Popow, JD, CPCU, AIC, Institute director of curriculum, and Michael R. Csom, AIC, RPA, Society president.

The multiple-choice exams, which were developed by the Society, will be delivered online by the Institutes at Prometric™ Testing Centers and at employer on-site testing centers starting on 1/15/2005. Exams will be given in the five tracks among which candidates can choose to earn the RPA designation: auto liability, property, workers' comp, general liability, and a generalist track. Passing the Institutes' Ethics and Claims Professionalism exam is also required of all RPA candidates.

Candidates for the RPA designation must (1) work as a claim professional, manager, or educator in the insurance industry; (2) fill out an application with the Society; (3) pass a credentials check carried out by the Society; (4) hold the Insurance Institute of America's Associate in Claims (AIC) designation, the American Educational Institute's Senior Claim Law Associate (SCLA) designation, or a similar designation, or have 10 years of claims experience; (5) pass the Institutes' ethics exam; and (6) pass the RPA exam in one of the five tracks. To retain the RPA designation, holders must fulfill annual continuing education requirements specified by the Society.

"Our alliance with the Society is a natural expansion of our relationship since people who hold our AIC designation are eligible to earn the RPA designation," Popow said. "I'm also pleased that the Society has asked me to serve on its board."

The Society of RPA plans to develop a Master Professional Adjuster designation for various specialty types of business. It also plans to offer a Career Achievement Report, a record of an individual adjuster's achievements, which would include his or her educational and employment history.

For more info about the RPA designation & exams, contact Susan K. Sunny, executive director, Society of Registered Professional Adjusters, P.O. Box 3810, Napa, Calif. 94558; phone: (800) 949-5272; e-mail: SusanKSunny@RPA-Adjuster.com.

Fire Essay Winner Sends Thanks

Each year, the Philadelphia Chapter CPCU Society, under the direction of Committee Chair Pete Palestina, sponsors a Fire Safety Essay Contest for elementary school children in the Council Rock (Bucks County) district. One of the contest winner from 2003, James McCarron, sent this nice thank you note to Pete. Email Pete at PeteyPal@aol.com for info on this year's awards ceremonies on Nov. 18 and Dec. 8.

Dear Mr. Palestina,

I recently received a letter from you along with a large envelope filled with all kinds of keepsake souvenirs from 2003's Fire safety in the Home Essay contest!

Thank you so much for thinking of me and sending me every thing I had a collection of things that I had found but my collection is not nearly as complete as what you sent to me. It means a lot to me.

I found all of the activities involved in getting in Award exciting. It is certainly something that I will always remember. Thank you again VERY MUCH!

your friend,
James McCarron

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October Recap: A Legislator's Perspective on Insurance Issues in NJ and PA

Recap by Donna Popow, CPCU

The October breakfast meeting provided attendees with a refresher course in civics and an idea as to what topics are foremost on the minds of legislators in NJ and PA for 2005. The speakers for this event were Robert Archibald, representing Nicholas A. Micozzie, PA House of Representatives (R) - 163d District and Louis D. Greenwald, NJ Assemblyman (D) - 6th District, Budget Committee Chair.

Bob Archibald is the Executive Director of the Insurance Committee for the House of Representatives. Bob is responsible for the day to day operations of the Committee. Bob spends a great deal of time dealing with lobbyists and activists who represent various viewpoints on insurance issues. In order to vote on legislation members of the General Assembly must understand the legislation. Bob ensures that the information is given to the members. According to Bob, the legislative process is a deliberate one. There are approximately 3000 bills introduced each session. Of these, 120 are insurance related and of these, only 10 will have a chance of becoming law. In order to fully understand the issues presented in these pieces of legislation, the Insurance Committee will hold public hearings on bills up for consideration. After the hearings, bills may be amended. The Committee then votes on the bill.

Louis Greenwald and Robert Archibald pause after taking questions from the crowd following their presentations to the October Breakfast meeting attendees.



If it passes, the bill is sent to the Appropriations Committee. This committee can also amend the bill.

Once a bill clears the Appropriations Committee it goes to the House floor for amendment and passage. If the bill clears the House, it goes to the Senate. If the Senate amends the bill it will be returned to the House for consideration of the amendment. This back and forth will continue until agreement on the language is reached. Once the House and Senate have passed the bill it goes to the governor for signature or veto.

In the past few years Bob has seen tort reform and medical malpractice issues be considered. The Committee is still considering a cap on non-economic damages. The 2005 session will probably consider the following:

- Interstate Compact which would create a multistate authority to handle rate review for non-P&C insurance.
- SMART Act which would implement uniform standards for rate making and filing.
- Homeowners' insurance reform which would give homeowners more opportunities for coverage.

Assemblyman Greenwald has served his constituents in Camden County since 1995. He is a lawyer by trade and feels that good government is defined by what happened in your life today. Auto insurance reform has been a hot topic in New Jersey for thirty years. The auto insurance competition act has opened up the auto insurance markets in NJ by creating a basic policy for a dollar a day. This basic policy meets the needs of those in the state who want to buy auto insurance but can't afford high premiums. Until the implementation of this basic policy there were over 800,000 uninsured drivers in the state. Since this basic policy has become available that number has decreased. In the last 3 months the state has seen the return of GEICO in the auto insurance market. At the present time Assemblyman Greenwald sees a need for stability in the auto insurance arena.

In 2005 he feels that affordable healthcare will be a major topic. He wants to find ways to create more affordable ways to provide coverage for small businesses. He believes that there is a way to provide healthcare under a basic policy similar to the auto model and will be working toward that goal.

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The World Trade Center Property Insurance Trial: Lessons Learned?

By Akos Swierkiewicz, CPCU

Had the tragic events on 9/11/01 not occurred, we would have never learned about negligence, mistakes, errors and omissions, inconsistencies, and confusion that plagued the placement and negotiation of the property insurance program for the WTC and brought to light during the WTC trial.



The primary parties involved in the litigation were 13 WTC insurers, including Lloyd's syndicates, counted as one, the broker Willis and their client, Silverstein Properties, the leaseholder. The insurers contended that they were bound by the WilProp 2000 form, which defines "occurrence" and would limit the WTC claim to \$3.5 billion, while Silverstein's position was that the Travelers' form applied, which does not define occurrence and would respond to the each of the WTC towers separately, resulting in a \$7.0 billion loss payment.

After the brilliant work by lawyers on behalf of the parties to this litigation, determination of what form applied to the 9/11/01 claim was left to a jury, unfamiliar with insurance, which was so confused early in the trial that it sent a note to the judge asking, "what is this case about?" and, during their deliberations, asking whether Munich Reinsurance and Swiss Reinsurance were a part of Lloyd's.

Although this was a complicated and large insurance placement that taxed the world market capacity and there was pressure to complete it to meet the 7/24/01 deadline for the closing of the WTC lease, there is no excuse for the failure of the parties to reach explicit agreement on which form applied when coverage was bound, let alone by 9/11/01, almost two months after binding. By no means was this a unique placement as there are many other large insurance programs just as large and complicated, which must be placed in a relatively short time frame. Undoubtedly, various issues and problems that led to litigation in this case exists in many other instances but will remain hidden absent of a claim and subsequent dispute about coverage.

As this article is written, jurors rendered verdict in favor of ten, and against three of the 13 insurers. Regardless of the verdict, there are no winners in this case. The causes of this litigation could have been avoided and the fact remains that none of the parties to this case are blameless.

However, it is not the purpose of this article to castigate anyone involved in the placement and negotiation process, rather, by highlighting key issues that were the subject of the litigation, it is to identify some of the lessons learned or should be learned and to prompt insurers, brokers and risk managers to reexamine their role and involvement in the insurance placement and negotiation process.

Based on trade press reports, the following are some of the key issues that emerged during the trial:

- The broker's intention to switch from the WilProp form, that was part of the underwriting submission, to the Travelers form was not communicated properly to the insurers
- None of the insurers identified the applicable form in their binders
- Several insurers waived their right to approve the form

- On 9/11/01, the final policy form has not been agreed upon and the broker was still analyzing the Travelers form
- Silverstein's risk manager authorized to bind on the basis of the Travelers form in July without obtaining and reviewing it and he did not have copy of it on 9/11/01
- When the form was requested from Silverstein's risk manager on 9/12/01, he released the WilProp form
- None of the parties adequately documented their negotiations

It is obvious, that clear agreement did not exist between the parties as to what form applied on 9/11/01, almost two months after binding. The most important lesson, applicable to each of the parties, simply boils down to the need for documentation of all substantive communications to ensure that there is a meeting of minds during the placement and negotiation process and, when coverage is bound, all parties have an explicit agreement regarding the form. Agreement to any subsequent form changes must also be fully documented.

Furthermore, each of the parties, by adhering to the following rather elementary principles or procedures, can substantially reduce the potential for disputes and litigation:

Insurers should:

- not bind coverage without obtaining and reviewing the proposed form
- indicate the applicable form in their binders
- not waive their right to approve form changes
- affirm their agreement in writing to any form changes

Brokers should:

- indicate intent to switch or change forms in writing
- not assume that lack of response from insurers means agreement to form changes and follow up to obtain written responses
- ensure that risk managers are adequately engaged in coverage negotiations, understand the implications of form changes and provided copy of forms and changes thereto
- work expeditiously to facilitate finalization of policy wording

Risk managers should:

- actively participate in the negotiation process
- be proactive and initiate corrective action, if needed
- review and approve the form and major form changes
- ascertain that coverage bound by insurers is sufficiently clear and provides acceptable coverage

Unfortunately, the clock cannot be turned back in this case but policyholders, brokers and insurers should examine their procedures and controls pertaining to insurance placement and negotiations and take corrective steps, if necessary, to prevent recurrence of similar disputes.

Akos Swierkiewicz, CPCU is President of IRCOS, LLC, an insurance and reinsurance consulting and outsourcing firm, which also provides expert witness and litigation support. He is based in Morrisville, PA. and can be reached at akos.s@ircosllc.com

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SEPTEMBER BREAKFAST MEETING: VIEW FROM THE TOP

The first meeting of the 2004-2005 chapter year was a "View from the Top", held on Sept. 9, 2004. John Phelan, Chairman and CEO of American Re-Insurance Company, Thomas C. Routson, Zurich North American Regional Vice President – Mid-Atlantic Region and Dennis C. Rowe, President and CEO of Penn National insurance comprised the panel for this event. The discussion was moderated by Lilly Cowan, Vice President of the Chapter. Also in attendance at this meeting were Regional Governor Clint Gillespie and his wife.

Lilly's first question concerned the whether a soft market was in the offing for the insurance industry. According to Mr. Rowe, the hard market has lasted longer than anticipated and we are starting to get downward pricing pressure. Reinsurance renewals are showing a slight increase in rates which usually is an indicator of what the primary market will be doing. Mr. Routson felt that rates were generally moderating, with property rates declining. Workers' compensation and malpractice are always an issue. He believes there will be more pressure exerted on the industry to get below a 100 combined ratio and still show growth. Mr. Phelan, from his perspective as a reinsurer, felt that certain segments of the market are softening but he believes that the industry will not follow this lead blindly.

The second question concerned the impact that tort reform may have on the insurance industry. Mr. Routson believes that broad and meaningful tort reform, such as caps on non-economic damages would benefit the industry. Mr. Rowe sees the industry relying heavily on associations to lobby for meaningful change.

The third question presented to the panel asked about the use of technology in insurance. Mr. Routson discussed the problems associated with integrating data from legacy systems and how that data may not be showing a true picture. He acknowledged that technology has changed the way we work and has created more work for many. Mr. Phelan echoed this sentiment by calling technology an enabler. While it does not save money it should help companies manage the cycle better. Mr. Rowe has found that the accuracy and usability of data is far better than what it was in 2000. However, he cautions that a cost-benefit analysis is essential in order to decide what change one should implement. Otherwise there are just too many changes to try to keep up with. One interesting



Thomas C. Routson, Dennis C. Rowe and John Phelan don Philly Chapter hats following their View From The Top discussion.

point that his company has learned by doing this is that while they went from 500 underwriters to 300 underwriters, they are paying more for the 300 than they did for the 500.



The next question concerned what the industry is doing to attract and retain talented people. Mr. Phelan feels that the industry has done a good job of attracting quality people. He feels the industry needs to have training and advancement opportunities to continue to attract qualified people. However, the elimination of middle management has created a talent gap and a loss

of institutional memory. Mr. Routson felt that when the industry went through the expense saving phase recruiting new people into the industry was not considered a priority. Now, he feels that the industry is recognizing the need to attract and retain talented personnel. He also believes that the lack of diversity in management needs to be addressed. Mr. Rowe indicated that the industry needs to do more succession planning if it is to deal with the graying of management.

The panel took questions from the members and answered questions concerning the Florida hurricanes, the internet as a distribution channel, and risk retention.

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Establishing a Culture of Continuous Improvement

Jonathan W. Hensinger, CPCU ARM AIS

This is the first in a series of articles about one person's efforts to shift peoples' thinking and introduce continuous improvement to a mature organization.



I was sitting in a pilot CPCU National Leadership Institute course on Continuous Improvement at the Annual Meeting in New Orleans last fall when I had a big idea. It was truly a moment of inspiration. The double espresso I was drinking at the time probably contributed to my feelings of inspiration, but it was a grand moment none the less. It occurred to me that the things I was learning in the class could be of significant value to my employer. Solutions to business problems like improving customer service, improving efficiency, and increasing employee commitment all seemed suddenly within easy reach. I saw an opportunity to take the things I was learning in the class and create a continuous improvement program for my employer. The idea came together very quickly (remember the espresso). All I had to do was go back home and sell my idea to my management.

Continuous improvement

is the organizational condition achieved through

- (1) customer orientation,
- (2) process improvement, and
- (3) employee involvement.

Timing is everything. And fortunately for me, I found myself in the right place at the right time. Challenging market conditions and open-minded management created the right environment for me to win initial support for my idea of creating a continuous improvement program. As a commercial underwriter with State Farm, my plan was to create a program specifically for our underwriting division. When I presented my ideas to management, I was told, "We always knew we wanted to do something with continuous improvement, we just didn't know where to begin."

The timing was right for something else too. As a result of the skills and experience I have gained through my role as a volunteer leader with the CPCU Society, I succeeded in getting myself hired into a newly formed organizational development unit. Once hired into this new job, I was promptly given the primary responsibility of creating a continuous improvement program for State Farm's Fire Underwriting Division for the Northeast Zone. This division includes over 400 employees spread out over three locations. I immediately thought of the expression, "be careful what you wish for, because you just might get it."

So now I have an exciting new job. I get to create a continuous improvement program and bring it to life. From the very beginning, I knew that the Insurance Institute of

America's course, AIS 25 – Delivering Insurance Services, would be the backbone of my program. The course does a wonderful job of presenting the concepts that are fundamental to continuous improvement. With my AIS 25 text book in hand, I sat down and started planning. It wasn't long, however, before I realized I had to start working on something else too. I had to start generating support for **creating change** in my organization, which would be required to make my program work.

To put this another way, I figured out that there are two distinct parts to my job. The first part is to create training and systems that bring the tools and techniques of continuous improvement to life. That's the easy part. The other part, and clearly the more challenging part, involves creating a culture change within my organization. My vision is to establish a culture of continuous improvement. "Establish" means to not just create, but to create and make permanent. This type of culture change does not happen overnight. And in a mature organization like mine, resistance to change can come from many sources. When I look ahead to what it will take for me to succeed with my initiative, I believe that my success will depend 20% on my knowledge of continuous improvement and 80% on my ability to lead change.

One of my favorite books right now is *Leading Change*, written by Harvard Business School Professor John Kotter. The book provides a roadmap for creating culture change within an organization and making it stick. Having never led a major change effort, I have to trust that Professor Kotter will steer me in the right direction. I was encouraged recently when I met a professional change consultant who told me Kotter's book was "one of the better books out there" on leading change. I will soon find out if he was right or not. I am counting on the combination of Kotter's book *Leading Change*, the concepts of AIS 25, and the things I have learned from the Total Quality Section to provide me with the knowledge and tools I need to establish a culture of continuous improvement for my organization.

As with any great endeavor, there is both risk and opportunity ahead. The upside for my organization is record improvements in efficiency, customer satisfaction, and employee commitment. The downside is another program that people will completely forget about in six months. Only time will tell whether I have found the winning combination or not. Wish me luck.

Contact the author at Jon.Hensinger.c3io@StateFarm.com

BIO UPDATE Jon Hensinger works for State Farm Insurance in Concordville PA. His current responsibilities include creating a continuous improvement program for all of Fire Underwriting for State Farm's Northeast Zone. Jon is a member of the Total Quality Section Committee.

When Bad Things Happen to Good Laws: What Has Become of Pennsylvania's Fair Share Act?

Storm Wilkins, Esq., CPCU

Pennsylvania's informally called "Fair Share Act", seemed like a law whose time had come. Claims handlers in Pennsylvania had always been struck with the unfairness of Pennsylvania's joint and several liability law. Under the Commonwealth's system of joint and several liability, if their insured was just one per cent at fault for a claim, then the insured could be held responsible for the entire amount of the judgment. The deep pocket or insured defendant would have to pay the entire amount to the plaintiff. Presumably, the paying defendant could collect from some other more culpable defendant. (See *Baker v. AC&S*, 562 Pa. 290, 755 A.2d 664 (2000)). But in actuality, the deep pocket defendant was usually stuck holding the bag. Given this somewhat unjust state of affairs, the Fair Share Act should be a welcomed change.



The Fair Share Act passed by the Pennsylvania legislature in December of 2002 is a marked departure from the old law. It substantially changes 42 Pa.C.S.A. § 7102 et seq. (Pennsylvania's Joint and Several Liability law.) Under the Act, a defendant's negligence must exceed 60% before that defendant could be responsible for another defendant's portion of the judgment. The law provides for exceptions for intentional acts and some other statutory exceptions. Proponents of the law argue that it protects both plaintiffs and defendants. The aim of the law is to have the most culpable parties pay the damages. It seems like a laudable goal which will bring increased fairness to Pennsylvania's tort system. If that is the case, then why has the law come under attack by members of the Pennsylvania House of Representatives? Then, why has the law been declared unconstitutional by a Philadelphia Court of Common Pleas judge?

In *DeWeese v. Weaver*, 2002 WL 32091314, 824 A.2d 364 (Pa. Cmwlth. 2003), two members of the Pennsylvania House of Representatives filed suit against the Secretary of the Commonwealth of Pennsylvania. They argue in their suit that the Fair Share Act violates the Pennsylvania Constitution because of the manner in which it was passed. The crux of their argument is that the Fair Share Act must be struck down because it was piggy backed onto a totally unrelated law. In fact, this act concerning tort liability was added to the DNA Act. The DNA Act provides for the tracking of the DNA of convicted felony sex offenders. Under the Pennsylvania Constitution, in order to pass constitutional muster, laws must pass the "single-subject rule". Laws can not concern issues which are not germane and unrelated to one another. The *DeWeese* case is presently pending before the Pennsylvania Appellate Courts. If the Pennsylvania Supreme Court agrees with the plaintiffs, then Fair Share Act will be struck down.

In his July 20, 2004 opinion, in *Hicks v. Daimler Chrysler Corp.*, PCCP December Term, 2002 No. 3509, Judge James Murray Lynn of the Philadelphia Court of Common Pleas declared the Fair Share

Act to be unconstitutional. In *Hicks*, an asbestos plaintiff had filed suit against a number of defendants. Prior to trial, plaintiff settled his lawsuit with most of the defendants. The two remaining defendants tried the case. The jury returned a \$5 million dollar verdict. The remaining defendants argued that under the Fair Share Act, they were only responsible for their pro rata shares or roughly \$455,000 each. Judge Lynn disagreed. He ruled that the act was unconstitutional. In his opinion, Judge Lynn concluded that the law addresses two entirely different subjects: the DNA Act, relating to criminal apprehension measures, and the Fair Share Act, relating to civil negligence liability. He felt that there was no rational basis to consider the two bills in a single law.

Judge Lynn's opinion does not challenge the content of the Fair Share Act; he merely ruled that the Pennsylvania Legislature improperly enacted the statute. Because the opinion was rendered only by one trial court judge, the Fair Share Act remains good law until considered by the higher court. In the mean time, other trial judges may agree with Judge Lynn and hold that the law is unconstitutional.

Many predict that based on its prior ruling in *City of Phila. v. Cwlt. Of Pa.*, 838 A.2d 566 (Pa. 2003), the Pennsylvania Supreme Court will invalidate the Fair Share Act. In *City of Phila.*, the bill at issue initially concerned citizenship requirements for the board members of business improvement district authorities. After revisions to the bill were made, the proposed law included changes to the size and composition of the Pennsylvania Convention Center's governing board, grant of new powers to the parking authority and an expansion of bonding requirements for small contractors. The Supreme Court held that the law violated the Pennsylvania "single-subject" requirement. Therefore, the Court held that the law was unconstitutional.

If the Pennsylvania Supreme Court finds that the passage of the Fair Share Act violated the state's Constitution, the Pennsylvania legislature would have to vote again to pass the Fair Share Act. In the mean time, well-insured and deep pocket defendants would remain at peril.

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National Meeting in Los Angeles

Philly Chapter members and CPCUs from around the world gathered in Los Angeles October 22-26 for the 60th 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 22, outgoing national president Hugh McGowan hosted the President's reception at the swank Jonathan Club in downtown LA. 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 2004, which has over 1300 new CPCUs. Famed author, actor, comedian, and political commentator Ben Stein gave the keynote address. Monday and Tuesday featured a series of value-packed seminars, many of which qualified for CE credits. Monday was highlighted by a keynote address from celebrated author Tom Peters. Philly Chapter members attending were Ann Myhr, Pete Palestina, Donna Popow, Jon Hensinger, Jim Sherlock, and Marty Frappolli. Many more pics on our website!



Above, L to R: "Hawkeye" shares a toast with American Institutes Curriculum Director Jim Olsen; Tom Peters delivers the keynote address on Monday Morning to an auditorium full of CPCUs.



Celebrating, L to R: New Designee Chuck Fordham flanked by Donna Popow and Marty Frappolli; Past Presidents Pete Palestina and Joe McNasby with "Dolly"; Immediate Past President Ann Myhr with husband Rick; New Designee Debbie Wean with "Jack."

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CPCU Scholarship Golf Outing

The CPCU Scholarship Golf Outing was held on September 22, 2004 at Paxon Hollow Golf Club. Although this was the 6th annual golf outing to fund a scholarship in memory of Bob Hedges, CPCU, this was the first event that was co-sponsored by the Philadelphia and Brandywine Valley chapters. The event raised \$635.80 for the benefit of undergraduate risk management and insurance students at Temple University. These dollars will be matched by the Loman Fund, so that students will receive \$1,271.60.

The outing was a two person scramble with prizes awarded to the following golfers:

Team Low gross: Dennis Burton and Mike Coleman
 Most Honest team: Marty Frappolli and Wes Porter
 Longest Putt: Donna Love, 30 ft. 9"
 Shortest Drive: Glen Foster
 Lowest team score on #18: Jarrod Collins and Glen Foster
 Highest team score on #18: Karen Spring and Sue Mahanor

After the event the golfers, other chapter members and guests enjoyed a buffet dinner on the terrace overlooking the 18th hole. The weather was perfect for the event and everyone had a great time on this challenging course.

The Philadelphia and Brandywine Valley Chapters would like to thank the following sponsors for helping to make this a successful event:

Ace Insurance
Swiss Re Insurance
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Benjamin Tumulo and Workflow, Wayne, PA
Ed McAndrews & EPS Settlements Group, Swarthmore, PA
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For photos see: <http://philadelphia.cpcusociety.org>

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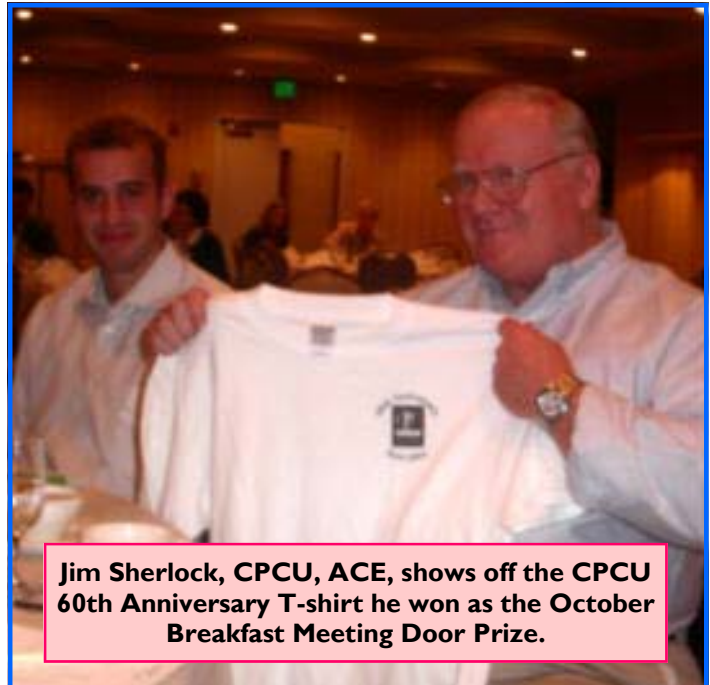
Contact person: Akos Swierkiewicz, CPCU

NOTE: The views and opinions of the authors of articles appearing in the Philadelphia ChapterGram are his or her own and not necessarily shared by the officers and members of the CPCU Society and the Philadelphia Chapter.

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Jim Sherlock, CPCU, ACE, shows off the CPCU 60th Anniversary T-shirt he won as the October Breakfast Meeting Door Prize.

BANNER CROWD AT NOV. MIX'N'MINGLE

On November 4, 2004, a big crowd gathered at Tir Na Nog (in the old INA building) for another MIX'N'MINGLE, jointly sponsored by the Philadelphia Chapter CPCU Society with the Casualty Underwriters Club of Philadelphia. From 5:30 PM until well past the scheduled 7:30 PM end, insurance professionals embraced the opportunity to unwind, renew old friendships, network, laugh, and expand their professional and personal horizons. Coordinated by Mayleen Gallagher and Rina Williams, a crowd of about 45 gathered for the complimentary hors d'oeuvres and camaraderie.



L: Mayleen Gallagher
 R: Rina Williams





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Whether you are a 2004 New Designee or a CPCU of longer term, now is the perfect time for you to become involved with the Philadelphia Chapter. For you, this is a prime opportunity to expand your business and social network. In an age when no one has any illusion of a lifetime position with one employer, your active participation in the Philadelphia Chapter CPCU Society can build the contacts that you need to stay flexible and valuable in your profession. Leaders are made, not born, and involvement in such a volunteer organization like ours is a friendly way to hone your leadership skills. The chapter needs you, too. We have a wide variety of activities for members of any sort of interest or time availability. Can you spare 2 hours a month? We would love your participation in our membership, good works, publicity, candidate development, or other chapter committee. Today's Chapter leaders are yesterday's New Designees. President Marty Frappolli was conferred in 2000; I was a New Designee in

Get Involved!

Storm Wilkins, CPCU



2003, as was fellow Chapter Director Donna Popow. Now it's your turn. You have worked hard to obtain your CPCU designation, now let that designation work for you.

The CPCU opened doors for countless insurance professionals, so don't fail to take advantage of your new standing. Contact me at SJWEsquire@aol.com or get in touch with any Chapter officer. We have a big chapter with a lot of room for new participants, no matter how much time you can devote. I hope to see you at our breakfast meetings, at I-Day, at Mix and Mingle events, and serving on one of our Committees. See our website for details on all of our chapter activities:

<http://philadelphia.cpcusociety.org>