

## PHIL MARTELLI AND ADDIS GROUP SPARK CHAPTER MEETING

Recap by Mary Ann Cook, CPCU

The theme of the Philadelphia Chapter's November 2008 Union League breakfast meeting was: "The Great Escape...Strategies to Escape the Commodity Trap." The Chapter members in attendance that day left the meeting equipped with new ideas and strategies to implement in not only their day-to-day business dealings but also in conducting the 'business' of living one's life. The meeting's two dynamic, engaging presenters were **Ingrid B. Abell**, Vice President and international practice leader at *The Addis Group*, and **Phil Martelli**, head coach of *St. Joseph's University Men's Basketball*.

**Ingrid B. Abell** recently returned from giving the same presentation in Brussels, Belgium, filling in at the Chapter meeting for **F. Scott Addis**, who designed "The Great Escape" as a unique customer relationship program intended to fundamentally change the client/agent relationship.

Rather than participating in the typical ninety-day renewal blitz of writing or renewing new business before policy expirations, the insurance agent becomes a trusted advisor, meeting with a prospect or client only *after* the renewal blitz has passed. In this way, the agent can develop a one-on-one relationship with the client, taking the time over subsequent months to get to know the business and, using the risk management process, develop strategies to manage uncovered loss exposures, thus adding value to the client's insurance program.

Stepping out of the crowd to focus only on the customer's needs -- 'escaping' the 'commodity trap' -- has generated results. *The Addis Group* has a 99 percent retention rate and a 95 percent hit ratio. Overall loss ratios are reduced, and insurers know that when they receive a submission from *The Addis Group* that it is a quality submission, thoroughly pre-underwritten, with limited competition.

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Addis Group's Ingrid B. Abell with President-Elect Kellie Goldfien



"Don't Call Me Coach" Phil Martelli with Director Mary Ann Cook

## MARK YOUR CALENDAR FOR UPCOMING EVENTS

**Mar 19:** Breakfast Meeting, 8:00 am –10:00 am, The Union League, Philadelphia. **Topic to be determined**

**April 16:** Franklin Award Luncheon, 11:30 am–1:30 pm, The Union League, Phila. **Recipient: Gale White. Keynote: TBD**

**May 21:** Dinner Meeting, 5:00 pm –7:00 pm, The Union League, Philadelphia. **Topic to be determined**

**Jun 18:** Breakfast Meeting, 8:00 am –10:00 am, The Union League, Philadelphia. **Topic to be determined**

**PHIL MARTELLI AND INGRID ABELL (continued)**

*The Addis Group's* 'Great Escape' approach is focused on relationship-building. When clients and agents escape the 90-day renewal blitz – when insurance is inevitably viewed as a price-based commodity – the agent instead becomes a 'trusted advisor.' In that role, the agent takes the time to listen to the client's issues, understand what drives the business's growth and development, and provide risk management solutions that support the business's 'health.' In effect, the agent 'diagnoses' hidden problems and offers 'prescriptions' or 'therapies' to resolve the problems, much like other professionals who are clients' trusted advisors: physicians, attorneys, or accountants.

The key, noted **Ms. Abell**, is simply in "pulling up a chair and listening to your client." Away from the crush of the 90-day blitz, a customer will tell you who they are and what is important to them. This 'Addis approach' to doing business is a philosophy lived throughout the *Addis* organization. In fact, **Ms. Abell** noted that if an *Addis* representative is requested to participate with other brokers in a renewal blitz, they will most likely refuse the offer because they then risk becoming another face in the crowd. In the commodity crush, they lose their distinctive, competitive edge.

The second presenter, *Saint Joseph's University* men's basketball coach and author **Phil Martelli**, also emphasized themes of listening, teamwork, risk-taking, and relationship-building. **Coach Phil** was the NCAA's consensus coach of the year in 2003-2004, the year the **St. Joe's Hawks** went undefeated during the regular season. **Coach Phil** discussed the qualities and characteristics required to form a world-class, highly efficient, interdependent team. During the course of his sometimes humorous, frequently thoughtful presentation, **Coach Phil** observed that successful teamwork doesn't just 'happen' – you have to develop, nurture, and support its growth.

**Coach Phil** emphasized that every time we meet someone and shake hands, we have an opportunity to connect with them either in their 'heads' – on an intellectual level – or in their 'hearts' – in a more meaningful, sustained, personal relationship level. **Coach Phil** commented that even though we might come from different backgrounds and work in different organizations, we all are, or have the potential to be, 'coaches' in what we do. To illustrate this concept, **Coach Phil** described how important it is to listen to others as well as to have others listen to us.... really *listen*, in order to make that personal connection. For **Coach Phil**, this means leaving the symbolic coach's whistle behind during

practice and games, and instead getting his players to focus simply on the sound of his voice...a focus that can be critical during the course of a hotly contested basketball game.

**Ms. Abell** echoed a similar sentiment in her presentation: in terms of building successful client relationships, it is so important to take the time to ask good questions and to listen to clients as they tell you about their business... their experiences, and plans. This dialogue gives an agent a competitive edge because the power of strong relationships trumps the 'commodity trap.'

**Ms. Abell** discussed that when *The Addis Group* was founded in 1990 by **Scott Addis**, it had no clients, no carriers, no staff, and no revenues. What **Scott Addis** *did* have was a "dream and a vision" to change how the insurance game was played. If he could provide additional value to customers... relationship and service-based intangibles... 'game changing' positive financial results would follow.

At age 13, **Coach Phil Martelli** also had a vision. One day at school in Delaware County, he told a classmate of his that someday he, Phil, would be the head coach of the **St. Joseph University Hawks**. This is vision... dreaming of what *could* be possible. **Coach Phil** challenged us to consider what dreams we might harbor – today: "Have you shared them with others? And if not, why not?"

After the breakfast meeting, **Coach Phil** kindly set aside additional time to sign and personalize copies of his recent book, *Don't Call Me Coach: A Lesson Plan for Life*. Many of the themes **Coach Phil** discussed in his presentation are also included in the book.

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## THE DOG BITE EXPOSURE

By Donna Popow, CPCU

One of the worst claims an adjuster can be asked to handle involves a child bitten by a dog. Not only do you have to deal with the parents of a child who may be disfigured as a result of the bite, but you may also have the unpleasant task of dealing with the insured-dog owner who is defending the family pet. As an underwriter you may be looking at homeowners applications which ask the breed of the family dog because your company has guidelines which prohibit certain breeds. As a concerned citizen you may be seeing news stories about state and local ordinances which may prohibit you from owning a certain breed of dog.

As CPCUs we should stay informed on this topic, so here is some information. According to the American Pet Products Manufacturers Association, there are currently 74.8 million dogs in the USA. According to the national Centers for Disease Control and Prevention, there are nearly 4.7 million people bitten by dogs annually. Of those bites, about 800,000 are serious enough to require medical attention. In 2007 there were 33 fatal dog maulings in the US according to [www.dogbitelaw.com](http://www.dogbitelaw.com). According to the Insurance Information Institute, dog bites cost insurers \$356.2 million in 2007.

While pit bulls and Rottweilers are often highlighted as the two breeds at the heart of the dog bite controversy, the bottom line is that any dog may bite. A dog bite is usually the result of several factors – the disposition of the dog, the environment or situation that the dog is in, the owner of the dog and the behavior of the victim. Any dog, treated harshly or trained to attack, may bite and any dog can be turned into a dangerous dog by an irresponsible owner. Likewise, any dog, regardless of breed, may be a good pet when shown love and respect by a responsible owner (see below).

It is interesting to note that while Pit Bulls and Rottweilers may top the list of dogs most often involved in a biting incident, they do not top the list of the most aggressive dogs. In a study published by the journal **Applied Animal Behaviour Science**, the dachshund tops the list of most aggressive dog, followed by the Chihuahua and the Jack Russell terrier.

The pit bull comes in at number six and the Rottweiler doesn't even make the Top Ten! This list is not a surprise if you take the time to understand what these dogs were bred for. Dachshunds and terriers were bred to go underground after vermin and pests. They are bred to be fearless and persistent. And the diminutive Chihuahua is bred to have "terrier-like" qualities, according to the American Kennel Club.

Whether you are asked to underwrite a policy, adjust a loss or just buy a family pet, you should fully research the breed. This includes mixed-breed dogs who will exhibit characteristics from all of its genetic background. You should determine if the dog is neutered or will be neutered. According to the American Veterinary Medical Association, neutered dogs are three times less likely to bite.

You should encourage prevention efforts by educating children about the proper way to approach a dog and play with a dog. If you are the dog owner, you should practice responsible dog ownership by training and socializing your dog with children, adults and other dogs and pets. You should also be careful not to put your dog in a situation that may cause it to defend itself. Prevention and education will mitigate the risk to you company and your family.



Can you believe that two German Shepherds, two Bichon Frises, two Rat Terriers, two Beagles, a Miniature Pinscher, a Doberman and a West Highland White Terrier all sat together, off leash for this photo? I can, because the Westie on the right is mine and the ribbons on the fence are all the awards these dogs received in 2008 for obedience and agility.



## CHAPTER ANNOUNCES FIRE SAFETY ESSAY WINNERS

The Philadelphia Chapter CPCU Society announced the winners of the 25th 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 5th - 11th.

Each school in the district submitted its top entrants for the final judging. The panel of judges included School Board Director Bernadette Heenan, Fire Marshal Frank Fenton and former Northampton Twp Supervisor Pete Palestina, coordinator of the contest for the CPCU group.

The awards were presented at the Council Rock School Board meeting of November 20th and again at the Northampton Township Board of Supervisors meeting of December 10th. In addition to the CPCU Society awards listed below, the Townships presented special citation awards of recognition; also, State Representative Scott Petri presented commendations from the PA House and Senate.

In addition, municipal officials of the winners' townships were invited to attend the December 10th presentation to acknowledge the winners with proclamations and a plaque from their respective townships. First Place winners received a \$200 US Savings Bond and a Plaque; all other winners

received the Plaque and a \$100 US Savings Bond. The winning students and prizes are:

### 1ST and 2ND GRADE

- 1st: Nikolaj Folmer, Newtown Elementary
- 2nd: Alyssa Booth, Holland Elementary
- 3rd: Sarah Scott, Sol Feinstone Elementary
- 4th: Shane Britton, Holland Elementary

### 3RD and 4TH GRADE

- 1st: Anastasiya Koziychuk, Goodnoe Elementary
- 2nd: Stephanie Andreoli, Welch Elementary
- 3rd: Corey Pinkas, Richboro Elementary
- 4th: Alexandra Myers, Welch Elementary

### 5TH and 6TH GRADE

- 1st: Dorothy Vosik, Welch Elementary
- 2nd: Audrey Rubanich, Churchville Elementary
- 3rd: Marina Salvatore, Churchville Elementary
- 4th: Melissa Wallace, Churchville Elementary

For further information contact Peter F. Palestina, CPCU at 215-364-3000 or 215-322-1153.

## 2008 Winners

### 1st Place



Nikolaj  
Folmer

### 2nd Place



Alyssa  
Booth

### 3rd Place



Sarah  
Scott

### 4th Place



Shane  
Britton

### 1st & 2nd Graders



Anastasiya  
Koziychuk



Stephanie  
Andreoli



Corey  
Pinkas



Alexandra  
Myers

### 3rd & 4th Graders



Dorothy  
Vosik



Audrey  
Rubanich



Marina  
Salvatore



Melissa  
Wallace

### 5th & 6th Graders

## White & Williams' GALE WHITE to Receive 2009 Franklin Award

The Philadelphia Chapter CPCU Society is delighted to announce that **Gale White**, a partner in White and Williams' Commercial Litigation Department and Chair of the Business Insurance Practice Group, will be presented the 2009 **Franklin Award**. The Franklin Award Luncheon will be at The Union League on Thursday, April 16, 2009, 11:30am — 1:30pm.

The Franklin Award is presented each year to an individual, group or organization for outstanding achievement and contribution to the insurance industry in the Delaware Valley. The impact of the contribution of the recipient is recognized as significant & broad based in the community.

For more than 20 years, Ms. White has been at the forefront of enhancing and advancing the practice of law that affects the insurance industry. Her contributions include developing and implementing the Firm's Coverage College™, an annual conference which brings together 400 insurance professionals to discuss emerging issues and trends in the insurance industry.



Ms. White sits on, and participates in, a number of associations and programs, including the Federation of Defense and Corporate Counsel (FDCC), Litigation Management College, and Lawyers for Civil Justice. Ms. White is also dedicated to the improvement of women in the profession. She created, and serves as, Chair of the Firm's Women's Initiative, a program aimed at fostering and providing an environment where women can succeed professionally and personally.

Ms. White has a broad range of experience in complex insurance coverage, bad faith and commercial litigation. Her professional accomplishments have led to recognitions by *Law and Politics Magazine*, as a Pennsylvania Super Lawyer, and one of the Top 50 Female Lawyers in Pennsylvania.

Past Franklin recipients include these distinguished honorees: Tom Nerney, CPCU; Rob Drennan; F. Scott Addis; Joseph Gerber, Esq.; Terry Macko, CPCU, AIS; Edwin Overman, Ph.D., CPCU; Curt Weldon; H. Wayne Snider; Robert A. Clair; James H. Bryson; Eugene Fidell; John Topoleski, CPCU; Thomas Finley; Mariellen Whelan, Ph.D.; George Head, Ph.D., CPCU, CLU; H. Gordon Heile, ARM; Pete Palestina, CPCU; Lawrence Brandon, CPCU, AIM; Robert Seltzer, CPCU; Dominic J. Frederico; Lynne Abraham; Robert S. Seltzer, CPCU; Roy Reinard III; Gerald Isom; Dr. Norman Baglini, CPCU; and Walter Bateman, CPCU.

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## JANUARY DINNER MEETING: SURVIVING IN A SOFT MARKET

### Recap by Theresa Gregory

Thanks to Lorie Cardoni for setting up the informative panel of speakers we heard from in January on "Surviving in a Soft Market." It was a dynamic panel, represented by an established MGA and excess and surplus lines wholesaler, a newer excess and surplus lines carrier, and an established carrier. Each explained their operation, target markets, what their organization has done to succeed during our challenging times, and what they think is key to survival going forward into '09 and beyond.



**Patrick Bethel, USLI; Alan Dudkiewicz, Jimcor; Lorie Cardoni; Dawn Upperman; Joseph Mossbrook, Max Specialty**

First we heard from Alan Dudkiewicz, Regional Manager at Jimcor Agencies. Jimcor wrote \$150 Million in premium in '08 with 7 branch agencies and 140 employees. They write MGA business and write a significant number of coastal and inner city personal lines accounts. They work frequently with Lloyds of London. Alan saw challenges across the market in '08 even though his organization had success. He credits their wins to a long term focus on staff culture, a commitment to technology, expense management, maintaining a diverse book of business, hiring specialists, and cross selling. Jimcor also believes they've benefited from finding opportunities in challenges, keeping an eye on the future to stay ahead of curve and keeping their operation small to keep focus on their clients and market and knowing carriers and their strengths.

As an MGA, he also stressed following carrier underwriting rules and getting business on the books. For 2008 Alan sees growth in D&O, increased competition in professional lines, and new hungry carriers fighting for market share. He also sees possible room for price increases in NJ coastal business due to shrinking capacity. Alan also anticipates flat rating in '09 since many carriers have no room for reductions, falling overall rating basis due to the economy, and more conservative underwriting.

Joseph Mossbrook, Vice President of Max Specialty, gave us his view from the perspective of a newer excess and surplus lines carrier. They entered the market in '06 and write high volume/transactional small one-off "Main Street" risks, middle market property with typical premium sizes of \$5,000 to \$10,000, larger excess/primary exposures, and inland and ocean marine. They do focus on habitational and small contracting risks, but their classes of business change with the appetite of the standard market. Their average premium size is \$3,000. Max wrote \$65 Million in premium in '08 and ended the year with \$200 Million in total written premium.

To survive, Joe thinks a carrier needs to focus on a variety of key areas. They should emphasize underwriting integrity, obtaining and mentoring talented underwriters, building relationships along with their premium base, working with the best agents in the industry while rewarding them for growth, watching for bottom line, and using technology well. He summed up by telling everyone to "be true to the basics" of hiring talented people and good agents.

Patrick Bethel, Vice President of USLI, rounded out our panel. USLI is an established carrier that works exclusively with wholesalers. Their average premium is \$17,000 and fewer than 2% of their accounts are over \$30,000 in premium. His carrier focuses only on commercial property and casualty and writes in 48 states. With regard to survival, Patrick said USLI does not like to even talk about market conditions with their agents. They prefer to focus on their conversations on competing and having a winning attitude.

Success in the minds at USLI depends on service, writing what they know, and educating and communicating with their agents regardless of market cycles. To achieve these goals, Patrick said you have to have good people, keep increasing your submissions, stick to your underwriting guidelines, get agents to where they can tell their story, and make sure agents are clear on your appetite. He explained USLI's huge focus on service and accessibility; if a submission is in by 2 PM then a quote is out by 5 PM. To keep top talent they are always recruiting people that can deliver the company message. And they focus resources on agents that produce. Patrick also emphasized that it is key to set reasonable underwriting goals and expectations to avoid the pressures that lead to poor decisions. Overall, Patrick said to achieve success an organization needs to keep its underwriting discipline, be patient, and focus on the long haul while bringing value to customers.

Though each speaker's perspective was different, the themes carried across the board. Challenges are many and will continue into '09, but the tried and true methods for survival remain the same. For an organization to succeed, as these have done, the focuses need to be on customers, employees, technology, underwriting discipline, and doing what you know best.



## Workers' Compensation Cost Containment through Group Health Strategies

### Recap by Donna Popow, CPCU

Can Group Health strategies be used effectively to help contain workers compensation costs? **Heidi Mader**, Vice President for AON Consulting Business Development Practice and **Stephanie Capaccio**, Benefit Director for WaWa, enthusiastically say it can be done. Heidi and Stephanie have teamed up to implement certain strategies borrowed from the Group Health environment so that WaWa can take control of their workers compensation costs. At the February Breakfast Meeting, held jointly with RIMS—Delaware Valley at the Pyramid Club atop Liberty Place, they shared their views.



**Dawn Upperman; Heidi K. Mader, VP Aon;  
Stephanie Capaccio, Director of People Development,  
WaWa; Eileen Hayes, VP DV RIMS.**

According to Heidi, the breakdown of money spent on workers compensation in 2007 was 41% indemnity payments and 59% medical expenses. In 1986 this breakdown was 55.5% indemnity payments and 44.5% medical expense. NCCI predicts that medical costs will continue to rise and they estimate that the breakdown will be 30% indemnity payments and 70% medical expense by 2016. Additionally, Heidi points out that 80% of medical costs are generated by claims valued between \$10,000 and \$500,000.

Indemnity payments have continued to trend downward because of the insurers' focus on reducing indemnity costs. Now insurers and insureds are turning their focus to medical expenses. Medical expenses have seen continued price increases as well as an increase in the number of treatments or utilization, more expensive diagnoses and more expensive treatments. Another recent wrinkle has been direct to consumer marketing by drug companies. Consumers now see advertisements for name brand drugs on TV and ask for them by name when treating, rather than accepting generic drugs.

In an effort to stem the continued increase in medical expenses, AON and WaWa teamed up to use tools from the employee benefit arena and implement them on the workers compensation side of the house. Underlying this effort are certain trends:

- Better disclosure by medical providers of fees agreements and contractual arrangements
- Employers are now allowed to direct workers to medical networks
- Group Health PPO networks and pharmacy networks are entering the workers compensation market allowing for favorable contract discounts
- Evaluation of bundled and unbundled vendor strategies

AON and WaWa recognized that they could leverage employee benefit relationships in creating workers compensation networks. Initially providers did not want to get involved but eventually they came around after realizing that the employer did not want to compromise care. Communications with employees was also very important. The message that the wellness of employees was paramount and that wellness impacts cost of care was spread throughout the organization.

Discounts, disruptions, and access are the primary considerations when looking to create a workers compensation provider network. Discounts refer to the discounts available through the contract. Disruptions refer to the amount of overlap between the providers in the group health network and the workers compensation network. The more overlap, the fewer disruptions in service to the employee. Access also refers to the providers. The providers must be close to the location of the employees in order for this to be successful. Additionally, Heidi recommends improving the bill review system and implementing medical cost containment by improving wellness management – meaning lifestyle and disease management.

AON and WaWa have used data analytics to identify health and lifestyle drivers and implement overall health management tools. 20% of the claimants drive 80% of the cost in both workers compensation and health benefits. By using this data Stephanie was able to build a business case to invest in employee wellness programs. Traditionally workers compensation loss control had focused on stopping injuries from happening, not on saving cost once the injury had occurred. As an alternative, wellness programs concentrate on changing employees' behaviors in relation to their own health.

While the program is relatively new, both Heidi and Stephanie are pleased with the outcome. WaWa has been able to realize a substantial savings and the trend is for that savings to continue as more effort is put toward the overall wellness of the employee and continued use of group health techniques in the workers compensation area.

## PHILLY I-DAY 2008

## Recap by Donna O'Brien

The Lowes Hotel was hopping with nearly 250 insurance professionals attending this year's Philly I-Day on December 4, 2008. Philly I-Day is an annual event presented by The Insurance Society of Philadelphia (ISOP) in conjunction with The Risk and Insurance Management Society (RIMS) Delaware Valley Chapter and three local CPCU Society chapters - Philadelphia, Valley Forge and Brandywine. Its purpose is to promote the insurance and risk management industries and associated information and education. This year's theme centered on the close relationship between law and insurance. The program included a general panel discussion and three CE approved continuing education sessions. Sponsorship was provided by 45 organizations and 13 exhibitors.



Linda Kaiser Conley

The opening general session panel discussion was moderated by **Linda Kaiser Conley** of Cozen O'Connor. Panelists included **Frederick W. Dreher** of Duane Morris, **Constance B. Foster** of Saul Ewing, **Randall E. Hobbs** of XL Insurance, and **Paul Las-kow** of AAA MidAtlantic Inc. One of the hot topics discussed was the anticipated

impact of the new political landscape on the legal and insurance systems. Other topics included the escalating costs of health insurance and the domino effects on workers compensation, personal injury and tort reform claims; insurance compliance issues; recent developments in case law; and high profile claims and related issues. The panel generated numerous thought provoking questions and resulting discussion.

In the "Navigating Employment Liability Issues" session, **Rhonda O'Donnell** of Marshall, Dennehey, Warner, Coleman and Goggin gave an overview of employment laws that create liability for employers; federal and PA specific remedies and damages; high profile decided and pending Supreme Court cases; and noteworthy recent developments in employment law. Rhonda also discussed the complex world of e-discovery from an employer's standpoint. **Constance La-hoda**, Vice President of Employment Relations at ARAMARK Corporation, followed with an explanation of the various employment regulatory agencies and their functions, overview of key upcoming employment legislation and the anticipated effects on employers and provided some very helpful first-hand "best practice" tips on managing issues from an employer's standpoint.

The second session explored data breach, internet and security exposures and their impact and implications on the industry. Beazley Group's Claims Manager **Beth Diamond** and **Ted Kobus** (Marshall, Dennehey, Warner, Coleman & Gog-

gin) discussed insurance and legal issues including types and scope of damages, loss trending, overview of third party and first party losses and coverage, as well as the implications of regulatory and legislative actions such as FACTA, HIPAA and notification laws.



L to R: AICPCU's Connor Harrison, Cynthia Bernstiel, William Kennedy, AICPCU's Frank Chmielewski and Susan Kearney, Dan Jaeger

The repeat performance session, presented by **Cynthia Bernstiel** of Nelson Levine de Luca & Horst, LLC and **William Kennedy** of White and Williams, covered issues surrounding insurance fraud which costs the insurance industry billions of dollars each year. Attendees learned how to fight insurance fraud from the initial claim investigation all the way to the courtroom, including how to conduct an aggressive, but fair and reasonable fraud investigation. Through the case study approach, participants learned how to aggressively investigate insurance fraud during the claims process, while steering clear of the pitfalls that can support a bad faith lawsuit.

**Dawn Upperman**, Philly Chapter President, welcomed the crowd at the luncheon. Keynote speaker **Stephen Cozen** of Cozen O'Connor gave a personal and enlightening speech demonstrating how insurance and law are weaved together throughout a lifetime. Because the American Institute for CPCU (AICPCU) conducted its New Designee Conferment in Philadelphia this year at the CPCU Society Annual Meeting, the customary I-Day CPCU "local" conferment ceremony was not needed; but Dawn made a point to recognize the many CPCUs in the crowd. The Philadelphia Chapter donated a CPCU goodie bag as one of the door prizes and premiered the DVD from the annual meeting.

What better way to close out Philly I-Day than a Mix & Mingle at McGillin's Olde Ale House – a great time was had by all who attended!



Donna O'Brien, Dawn Upperman



## Cyber Insurance: A New Challenge

By Harry Cylinder, CPCU, ARM  
The Beacon Group

As you may know, I wrote an article on cyber insurance which appeared in the December 2008 CPCU eJournal. For those who haven't read it, this will provide a synopsis of the issues. For those who have, it will be an update.



With Internet use and sales steadily growing and computers an integral part of almost every workplace, the risks of loss are as important as more conventional property and casualty perils. Computer viruses, hacker attacks, theft of data and online fraud, and computerized versions of intellectual property infringement or personal injury are frequently reported occurrences. E-commerce businesses, Internet service providers, governmental bodies and healthcare providers are some of the entities who need a new form of coverage.

Traditional Property and Liability policies either have no coverage for these new exposures or only offer limited protection at low limits. In the past decade a specialty market has developed to provide Cyber insurance or its near relative Technology Errors and Omissions.

These new policies are complex and each has its own insuring agreements, definitions, exclusions and conditions. In my article I analyzed four policies from ACE, AIG, Arch and CNA. In recent months I have reviewed policies of Axis, Beazley, Chubb, Darwin, Hartford and Hiscox which differ in many ways from the previous group. In part this is because coverage is still evolving as new issues such as privacy notification and credit monitoring become more important.

Reviewing these policies requires time and effort by both insurance providers and insurance buyers. It is worth the effort because there will be more interest in these policies as time goes on.

I realize I have only scratched the surface of this subject. If you wish to share your own experience or have questions, contact me at [HarryC@thebeaongrp.com](mailto:HarryC@thebeaongrp.com) or telephone at 484-684-1108.

See the complete article on the CPCU Society's website:  
[http://www.cpcusociety.org/file\\_depot/0-10000000/0-10000/3267/conman/CPCUeJournalDec08article.pdf](http://www.cpcusociety.org/file_depot/0-10000000/0-10000/3267/conman/CPCUeJournalDec08article.pdf)



## HOW SMART ARE YOU?

IDMA 2009 Annual Seminar and 25th Anniversary  
Celebration: "Insurance Business Intelligence -  
How Smart Are you?"  
April 6-7, 2009 The Westin Philadelphia Hotel

**COPING WITH THE FINANCIAL CRISIS**

# IDMA

**Insurance Data Management Association**

The IDMA 2009 Annual Seminar is few weeks away and the buzz amongst the Data Management and Business Intelligence communities is a positive one. The April 6-7 Annual Seminar, "Insurance Business Intelligence - How Smart Are you?" is designed to deliver resources and strength. The educational program is geared to keep your data management and business intelligence programs moving forward with a line-up of thought-provoking sessions.

The Seminar includes a roundtable focusing on current and emerging regulatory and compliance issues; a keynote discussing the current economic crisis and its impact on the insurance industry; sessions on emerging business issues, the many sides of business intelligence, data quality strategies, data governance and stewardship programs, and revolutionary technologies and analytics that are affecting the insurance industry. There will be a session on enterprise risk information management and an industry panel discussion on the role of data management in bridging the IT/Business communications gap. IDMA seminars traditionally attract a rich diversity of perspectives from insurers, educators, and technology vendors.

Visit the seminar's Program and Registration link:  
<http://www.idma.org/idmaEvents2009SeminarProgramAndRegistration.pdf>  
for additional details on the seminar program, who should attend, exhibiting and sponsorship opportunities, how to register, and hotel accommodations. Question, contact Farouk Yassine at [FYassine@IDMA.org](mailto:FYassine@IDMA.org) or (201) 469-3069.

### Who is IDMA?

*The Insurance Data Management Association was founded to "promote professionalism in the Data Management discipline". This quotation is from the IDMA Bylaws that go on to state that "the principal means to achieve this is through education. The Association will create and maintain a curriculum for developing insurance statistical, data administration, and data quality professionals. The Association will maintain a means of testing professional proficiency, and will provide professional certification when testing is successfully completed."*



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This business opportunity with State Farm Insurance Companies contemplates a prior period of employment as an agency intern. During the employment, the intern will be expected to train and become fully licensed to solicit and service the different insurance and financial services products State Farm offers. State Farm's training is conducted in English. State Farm's contracts, forms, and notices are also written principally in English. The ability to communicate in Tagalog is not a requirement for this position although it may provide a basis for preference. State Farm is an equal opportunity [EEO] employer.

## Chapter Hosts Insurance Commissioner

On Tuesday, December 9, 2008 at The Union League in Philadelphia, the Philadelphia Chapter CPCU Society together with RIMS hosted a breakfast meeting featuring Pennsylvania Insurance Commissioner Joel Ario.



**Philadelphia Chapter CPCU Society members join with RIMS—Delaware Valley members in attendance at the December 9 breakfast meeting featuring Pennsylvania Insurance Commissioner Joel Ario**

The commissioner gave an update of the insurance industry in Pennsylvania. In June 2007, Governor Edward Rendell nominated Joel Ario to serve as Pennsylvania's Insurance Commissioner, and Ario was confirmed by the Senate in July 2008.

At the time of his nomination Governor Rendell said, "Joel Ario is a highly qualified and seasoned administrator with a strong and proven record of fighting to protect the rights and needs of consumers."



Pennsylvania Insurance Commissioner Joel Ario addresses the audience at the December CPCU/RIMS Breakfast Meeting

## DAWN UPPERMAN — PRESIDENT'S MESSAGE

**Dawn Upperman,  
CPCU, ARE, AIT**

2008 ended with a busy December for the Philadelphia Chapter CPCU Society. We held a successful Philly I-Day in cooperation with **ISOP** and the Greater Valley Forge and Brandywine Chapters. The topic was **Insurance and Law: Serving Society**. I-Day was immediately followed by a **Mix & Mingle** at McGillin's Olde Ale House. We also partnered with **RIMS** for an invigorating discussion with Pennsylvania Insurance Commissioner Joel Ario.



**Dawn Upperman**

The Philly CPCU sponsored **Fire Safety Contest** continues to highlight the talent in the Northampton Township school district. Two ceremonies were held honoring the recipients. The quality of the work submitted by the contestants is amazing and it is impressive to see the support they get from their school and local municipality.

As we move into 2009, we have come up against some very challenging times. With the downturn of the economy many of us are faced with unprecedented challenges. During these tough times we look forward with great hope and anticipation of success for our new President and his administration.

What a better way to weather the storm than to divert our attention to those in need! Our chapter will be helping out at the **Ronald McDonald House** this spring. We will also be holding our annual **United Cerebral Palsy 5k Walk/Run**.

We hope you can take part in these efforts to serve. Details will be released shortly. Our other upcoming events include a panel discussion during the March Breakfast meeting on **Ethics** and our **Franklin Award Luncheon** honoring **Gale White** in April.

Let's work together to get through these troubling times. I am optimistic that we will succeed.



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## **UPC Corporate Run/Walk to be held on April 23, 2009**



Does spring fever have you restless? Can't wait to get outside? Well here's your chance!

Keep your eye out for information in the coming weeks regarding the annual United Cerebral Palsy Corporate Run/Walk. This fun event will be held on Thursday, April 23, 2009 with a 6:15pm check-in and 7:00pm start.

The flat, scenic 5K course starts at the steps of the Philadelphia Art Museum and heads along Martin Luther King Drive and back. The event is open to runners and walkers of all abilities. Children and strollers are also welcomed!

The Philadelphia Chapter is hoping to break last year's record participation, so plan to join in the fun. Over the years, our members helped UCP of Philadelphia support UCP programs and services for adults, children and their families living with disabilities in our area. Registration info will be available shortly. Tell your friends and mark your calendars!



**Chapter members and friends gather for the  
UCP Run/Walk in 2008**