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PHILLY WELCOMES NEW MEMBERS



Congratulations New Designees!

The officers and directors of the Philadelphia Chapter CPCU Society offer a hearty congratulations and a welcome to our 2005 New Designees! We hope you can attend the national conferment ceremony in Atlanta; whether you do or not, be sure to attend your local conferment event, which will be held in Philadelphia in conjunction with I-Day on December 7, 2005. You have done the hard work to earn your CPCU designation; now get the rewards that come from networking with other CPCUs in the Philadelphia region.



Our 2005 Philadelphia New Designees:

Kevin Abramson, CPCU

Gen Re

Randy F. Castor, CPCU

American Re-Insurance Company

James A. Cavanaugh, CPCU

United States Liability Insurance Group

Italia L. Domenick, CPCU
GEICO

Nir Gabay, CPCU
ACE USA

Duane M. Garrison, CPCU
Eastern Risk Specialists, Inc.

Janice M. Harris, CPCU
Guy Carpenter & Co

Lisa Luciani, CPCU
Liberty Mutual Insurance

Rahman C. Miller, CPCU
United States Liability Insurance Group

Lawrence V. Mitchell III, CPCU
Guy Carpenter and Company, Inc.

Dennis J. Murphy, CPCU
ACE USA

Marcin Plonka, CPCU
AON - Strategic Underwriters International

Scott O. Rubin, CPCU
Swiss Re America Corp

Dawn I. Upperman, CPCU
Guy Carpenter and Co

Brandon J. Yez, CPCU
General Cologne Re

Angela Pang, CPCU

Make sure to come to one of our 2005-2006 Breakfast Meetings soon; maximize the value of your newly earned designation.

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**CPCU SOCIETY ANNUAL MEETING AND SEMINARS
ATLANTA • OCTOBER 22-25, 2005**

MARK YOUR CALENDAR FOR UPCOMING EVENTS

Sep 15: Breakfast Meeting, 8:00 am, Doubletree Hotel, Philadelphia. Topic: *View From the Top—Executive Panel*

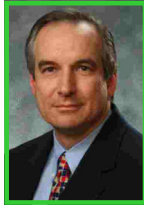
Oct 20: Breakfast Meeting, 8:00 am, Doubletree Hotel, Philadelphia. Topic: *To Be Announced*

Nov 15: Breakfast Meeting, 8:00 am, Doubletree Hotel, Philadelphia. Topic: *To Be Announced*

Dec 7: Philly I-Day. Save the Date!

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

2004-2005 ANNUAL REPORT TO THE PHILADELPHIA CHAPTER MEMBERSHIP

Martin J. Frappolli, CPCU, AIS
President, 2004-2005 Chapter Year


On behalf of the Board of Directors of the Philadelphia Chapter, I am pleased to provide the following report of chapter activities for the 2004-2005 year. Highlights include:

- September's kick-off "View from the Top" Breakfast Meeting on the hard-market and tort reform. Executive panelists included John Phelan, Chairman of American Re, Thomas C. Routson, Zurich N. American Regional VP, and Dennis C. Rowe, President of Penn National Insurance.
- A third insurance supplement to the Philadelphia Business Journal, a joint effort with the Brandywine Chapter, co-edited by Val Ullman-Katz, CPCU & Jon Hensinger, CPCU.
- I-Day in December 2005, "Improving for Today and Tomorrow", with General Session, Exhibitors, and breakout sessions, and New Designee Conferment with Terrie Troxel, Ph.D., CPCU, AICPCU President as conferring officer.
- The Franklin Award was presented to Joseph Gerber of Cozen O'Connor in March 2005 with over 200 people in attendance, featuring keynote speaker Larry Kane.
- The chapter was awarded the CPCU Society's Gold Circle of Excellence at the Annual Meeting in October 2004 for outstanding achievement during the 2003/4 year. And we qualified for the 2004/5 Gold Circle of Excellence to be officially awarded next month.
- As a convenience to our members, we have added the ability to register and pay online by credit card for our monthly Breakfast Meetings and other chapter events.
- We added two new Good Works efforts: In Feb. 2005, chapter volunteers helped out at the Ronald McDonald House in Philadelphia; in May our regional team entered the United Cerebral Palsy 5k Run/Walk in Philadelphia.

Here is a full recap of the Chapter Committees:

Candidate Recruitment, Development, Sponsorship
Rina Williams, CPCU, Chair

The committee manned an information table at Philly I-Day in Dec. 2004 to meet candidates, provide information, and answer questions, with sign-up sheets for both candidates and potential mentors. The committee maintained an active list of current candidates and invited them to attend our MIX'n'MINGLE events and chapter meetings. The committee continued its pairings of candidates and mentors.

Chaptergram—Marty Frappolli, CPCU, Chair

Four issues were completed, each containing recaps of the monthly chapter meetings, notices of coming events, features of interest and photographs. We continued to sign on additional advertisers and maintain the 12-page format. Each issue is printed and mailed to the membership and is

available in full color on our website.

Continuing Education & Seminars
Cindy Wolkiewicz, CPCU, Chair

The chapter sponsored four seminars this year, offering CE credits for each. Sep 8, 2004 - Commercial General Liability; Sep 8, 2004 - Contractual Risk Transfer; Feb 10, 2005 - Insuring the E-Commerce Account; Feb 10, 2005 - The Additional Insured. The chapter coordinated a seminar at I-Day, "Insurance Company Ratings – Improve Your Outlook," which was approved for CE credits in PA, NJ, and DE, as well as CPD credits, and CPE credits for CPAs and CLE Substantive Credits.

Fire Essay – Peter F. Palestina, CPCU, Chair

The 21st annual "Fire Safety in the Home" essay contest was held in conjunction with the Council Rock School District in October during National Fire Prevention Week. Awards were presented to the winning students during two public meetings.

Franklin Award
Val Ullman-Katz, CPCU and Ann Myhr, CPCU, Co-Chairs

The Franklin Award Committee, Marty Frappolli, Ann Myhr and Val Ullman Katz, was proud to honor Joseph Gerber, Esq. of Cozen and O'Connor for his outstanding contribution to the insurance industry. A luncheon was held on March 30, 2005. With 200 attendees, Larry Kane, Philadelphia TV broadcast legend, was the keynote speaker. Mr. Gerber spoke on the importance of insurance illustrated by personal anecdotes. President Martin Frappolli gave an ethics presentation as part of his remarks to the audience during the ceremony.

Good Works—Mayleen Gallagher, CPCU, Chair

Good Works activities included: Nov. – collected funds for Philabundance; Nov-May – collected sandals and donations for Brad's Sandalmania, adding over \$500 and 100 pairs of sandals for shoeless children in Iraq; Feb. – volunteered to clean kitchen and reception areas of the Philadelphia Ronald McDonald House; May – fielded a team in the UCP Insurance Education 5k Run/Walk.

I-Day—Jon Hensinger, CPCU, Chair

We co-sponsored this event on 12-09-04 with ISOP, the Valley Forge Chapter and RIMS. This year's theme was "Improving for Today and Tomorrow" with an Opening General Session, Insurance Company Ratings – Improve Your Outlook, Loss Control to Improve Risk, and Improving Corporate Governance. A New Designee conferment was conducted by AICPCU/IIA President Terrie Troxel.

Membership—Matthew O'Malley, CPCU, Chair

The Membership Committee coordinated their efforts with the Candidate Development and New Designee Committees. Two Mix and Mingle events were held during the year, giving members and their colleagues an opportunity to network and learn about the Chapter. The committee also conducted a calling campaign in the spring to contact individuals who had not renewed, and resulting in many membership renewals. This committee met regularly to develop new approaches for increasing chapter membership and to maintain member contact.

Continued on page 3

2004-2005 ANNUAL REPORT TO THE PHILADELPHIA CHAPTER MEMBERSHIP, continued

New Designees—Storm Wilkins, CPCU, Chair

We welcomed 17 new CPCUs into our chapter. Seven attended our local conferment at I-Day. During the year, all New Designees were invited to functions including breakfast meetings and Mix'n'Mingles. We provided prizes and gifts to NDs including CPCU insignia clothing, hats, pins and drink coupons. The Chapter also placed an ad in the Annual Meeting Yearbook listing the name of each ND.

**Philadelphia Business Journal CPCU Supplement
Jon Hensinger, CPCU, Val Katz, CPCU, Co-Chairs**

Jon Hensinger, Denise Angeli-Desiderio and Val Ullman Katz were co-editors on the 3rd annual Phila. Business Journal CPCU Supplement. Insurance articles were submitted by key carriers and law firms in the Delaware Valley as part of the CPCU initiative to educate the public and create awareness of the CPCU commitment to the public.

Programs—Lilly Cowan, CPCU, Chair

Our monthly programs topics included:

September 9 2004: View from the Top. John P. Phelan, Chairman/CEO American Re; Thomas C. Routson, Regional VP, Zurich NA; Dennis C. Rowe, President/CEO Penn National Insurance discussed 2004 trends & 2005 outlook on technology, hard markets, and more.

October 14, 2004: Legislative Agenda: Is This the Year for Tort Reform? Louis D. Greenwald, NJ Assembly (D) and Nicholas A. "Nick" Micozzie, PA House of Representatives (R).



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November 18, 2004: Quality Improvement: Success Stories from Insurance Innovators. William Kronenberg III, Marsh Creek; Joseph Feitelberg, Citizens Financial; Jon Hensinger, State Farm.
January 20, 2005: How to Survive & Thrive in Today's Insurance Organization. Don Hurzeler, National CPCU Society President.
February 17, 2005: Developments in Workers' Comp & Personal Lines Issues. Niki T. Ingram, Esq., Marshall, Dennehy, Warner, Coleman & Goggin; Wayne McOwen, ARM, GUARD Financial Group; Edward R. Palsho, Esq., NJM Insurance Companies
April 21, 2005: Business Practices – What's Ethics Got To Do With It? Joseph N. DiStefano, Philadelphia Inquirer business writer; David A. Skeel, Jr., Penn Law Professor; David Thomas, CPCU, Marketing Director, AICPCU/IIA.

May 19, 2005: Errors and Omissions Insurance. Drew Mitala, RPLU, VP, USLI and Mark Peikin, Esq., Cozen O'Connor.

June 16, 2005: Leadership and Volunteerism. Russ Rado, Education Director, AAMGA. Presentation of June Scholarships and President's Award. Elections and Installation of Officers and Directors for 2005 – 2006 Chapter Year by Barry Midwood.

Public Relations—Jarrod Collins, CPCU, Chair

Published articles: fire safety essay winners and Brad's Sandalman reported in several Bucks County newspapers and newsletters. An article on the Fire Essay Contest was published in the CPCU News national Society publication.

Scholarships**John Curry, CPCU, Chair – June Scholarships for College-Bound Students; Donna Popow, CPCU, Temple School of Risk Management & Insurance Scholarships Chair**

The scholarship program for college bound high school seniors awarded grants at the June Meeting to two children of Philly Chapter members – Daniel White and David Hillegas. The chapter's Temple University Risk Management scholarship was funded by a September 2004 golf outing and Donna Popow coordinated a raffle at another golf tournament to raise funds, and we received a generous donation from Scott Addis of The Addis Group for the Temple Scholarship Program.

Website—Martin Frappolli, CPCU, Chair

Our website is one of the largest, most informative, and most updated of all the chapter websites. It contains information on all chapter events, committees, monthly meetings, job postings, meeting recaps, by-laws, white papers, and other pertinent information. Members can also access the current monthly breakfast meeting flyer and registration information from the website, and may print and mail in the registration or link to an online site for instant registration and credit card payment.

2008 Annual Meeting Planning Committee**Jon Hensinger, CPCU, Chair**

Our partnership with the Valley Forge, Brandywine, and Central Jersey Chapters identified reps from each chapter to serve on this planning Committee through 2008. We have spoken with members of the 2004 host chapter, Los Angeles, and will reach out to the Atlanta Chapter, the 2005 hosts. Once we develop a better understanding, we will create an action plan of our own.

PHILADELPHIA CHAPTER RETAINS THE GOLD



Once again, YOUR Philadelphia Chapter has achieved the highest honors from National with the coveted GOLD level Circle of Excellence Award. Below are excerpts of the notification from National President Don Hurzeler:

It is my pleasure to recognize the Philadelphia Chapter with the 2005 CPCU Society Circle of Excellence. The chapter has qualified for the Gold Level, the highest category of achievement in this comprehensive program!

Your leadership has helped strengthen your chapter for the benefit of your members and your local community. Strengthening your chapter benefits the CPCU Society as a whole and I thank you for your service to the Society! I hope the Circle of Excellence recognition program will continue to provide direction for your chapter's activities and help your officers deliver value to your members next year.

The Philadelphia Chapter will be recognized at the Annual Meeting and Seminars in Atlanta in a special display and during the Chapter Recognition Luncheon on Tuesday, October 25, 2005. A formal invitation will be sent this summer to the current chapter president. It is customary for the immediate past president, if available, to be included as the president's guest. I am looking forward to seeing you both there and congratulating you in person!

Congratulations again on an outstanding achievement! I wish you and your chapter much continued success.

Sincerely,
Donald J. Hurzeler, CPCU
2004-2005 CPCU Society President

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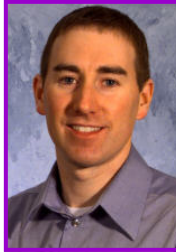
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THE STATE OF THE CHAPTER

Jon Hensinger, CPCU, ARM, AIS President, Philadelphia CPCU



As the incoming President of the Philadelphia Chapter, I am delighted to inherit a Chapter that is so strong in so many ways. Financially, the Philadelphia Chapter is in outstanding condition. With over \$77,000 in assets as of May 17, 2005, we are well prepared to meet the current needs of our membership. Our strong financial condition also allows us to approach the 2008 CPCU Annual Meeting (which will be in Philadelphia!) with great confidence. In regard to the services we provide, our Chapter has a rich tradition of producing outstanding educational programs. We continue to arrange fun social and networking events for our membership. And we continue to reach into the local community in ways that help make CPCU the most widely recognized, valued, and highly respected designation in the property & casualty industry. Most importantly, the Philadelphia Chapter has a dedicated core of very talented volunteers who make all of these successes possible. In short, things are going well for the Philadelphia Chapter.

While we have much to celebrate, we also have our challenges. At the current time, the Philadelphia Chapter is running on the efforts of a core group of approximately 15 volunteers. All of these volunteers do a fantastic job, and I am honored to work with all of them. Our biggest challenge at this time, however, is that we don't have as many volunteers as we need to maintain our current level of activity and success.

As we begin this new Chapter year, I encourage you to consider getting involved as a volunteer with the Philadelphia Chapter. While earning the CPCU designation is a true career milestone, and our educational programs can help accelerate your professional development, it is only by volunteering that you will get the maximum benefit from your CPCU membership. Whether you want to expand your professional network, gain experience doing things you may not get to do in your full-time job (like public relations work, for example), or develop your leadership skills, volunteering

with CPCU can accomplish all of these things for you.

In July, our Board of Directors created a strategic plan for the Chapter for the coming year (July '05 to July '06). Based on that plan, we then created a chapter structure that best supports our goals. From there we created a master list of all the volunteer opportunities available with the Philadelphia Chapter. We deliberately made all of our volunteer opportunities as small as possible to make it easier for our members to get involved. If you are willing to volunteer as little as 2 hours per month, we have a volunteer opportunity for you. Volunteering should be something you enjoy doing, not something you feel is a demanding full-time position. As an organization, we are dedicated to ensuring that you enjoy every aspect of your volunteer role with Philadelphia CPCU.

CPCU Society Strategic Goals

Goal 1. Make CPCU the most widely recognized, valued, and highly respected professional designation/brand in the property and casualty industry by CPCU employers, key segments of the financial services industry, and other important audiences.

Goal 2. All Society Members have access to a continually increasing number of programs and services that position them for success.

Goal 3. Stewardship

The Philadelphia Chapter is on its way to having another outstanding year. I hope that you will choose to get involved and share in the benefits of our success.

Philadelphia CPCU has volunteer opportunities in these areas:

- Website administration (no experience necessary!)
- Public Relations
- Good works (community service activities)
- Programs (creating educational programs for our monthly breakfast meetings)
- Membership (including social events)
- Connections Committee (reaching out to local employers to promote the value of CPCU involvement)
- Technical seminars (help produce our technical seminars)
- Candidate development
- Welcoming new designees
- Promoting Continuing Professional Development
- Chaptergram
- Financial Audit
- 2008 Annual Meeting Planning

If you are interested in volunteering, have questions about any of these opportunities, or want to learn more about how volunteering can benefit your career, please call Jon Hensinger at 610-358-8439.



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JUNE MEETING RECAP—VOLUNTEERISM

Recap by Donna Popow, CPCU

On June 16, 2005, attendees were treated to a lively presentation by Russ Rado, CPCU, AIM, ARP, Director of Education for the American Association of Managing General Agents University. Russ's presentation on leadership and volunteerism was particularly pertinent as this year's scholarship winners, Daniel White and David Hillegas, were in attendance. Russ provided insight into why people volunteer and tips to successfully recruit volunteers.

Volunteerism is based in a willingness to give freely of time and effort to support a greater good. Volunteerism can even occur in a paid position when an employee performs activities that go beyond the everyday job expectations.

According to a poll of the audience, people volunteer to learn, to network, and to give back to their community or organization. Those who recruit volunteers should be able to leverage these desires by showing potential recruits the benefits of volunteering, clearly stating the requirement of the job, offering a variety of ways to volunteer, and specifically asking the recruit to volunteer. A poll of the audience showed that people do not volunteer because they are not asked, that they do not have the time, see no personal benefit and are afraid of failure.

Russ noted 4 types of people who attempt to recruit volunteers: those who are "asleep" thinking that volunteers will just

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appear; those who are confused, unsure of how to deal with negative responses; others are prepared with a recruiting plan and a tactic for negative responses; those who are confident in their recruiting ability based on past successes.

When recruiting volunteers, it is helpful to be prepared for the typical responses to a volunteer request. The typical responses to a volunteer request fall in to 4 categories: *Victim – Why Me?* These people will demonstrate resistance and anger at the request; *Critic – Why not someone else?* These people are often negative and pessimistic; *Bystander – Call me when it's over.* These people prefer to take a wait and see attitude; *Navigator – Recognizes the need & the opportunity.* These people will show enthusiasm and offer ideas when approached.

Those who recruit volunteers should be prepared with the purpose or rationale as to why the group needs the volunteer, a picture or vision of what the volunteer effort will accomplish a description of what is in it for the volunteer and a plan for involving the volunteer in the actual effort.

Successful recruiting of volunteers requires advance planning to know what needs to be done and who might best fill the job, what the expectations of the job are as well as what benefits the volunteer might receive, and ongoing support of the volunteer once they have committed to the project.

Recruitment of volunteers is not an easy job but when done correctly, all those involved will benefit. Following the talk, Russ took a few minutes to take questions from the audience.

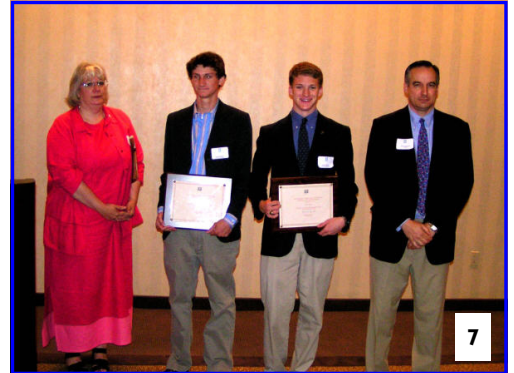
Afterwards, Scholarship Co-Chair Ann Myhr presented the scholarship awards to Daniel White and David Hillegas, and the membership voted unanimously to accept the full slate of candidates for Chapter Officers and Directors in the 2005/6 chapter year. National CPCU Society executive Barry Midwood inducted the new and returning chapter officials after giving a short update on major CPCU Society initiatives. Outgoing President Marty Frappolli presented certificates of Appreciation to officers, directors, and committee chairs in recognition of their contributions to the chapter. Finally, incoming President Jon Hensinger addressed the audience to give a glimpse of his plans to continue to improve the value of the Philly Chapter to the community and to the members.



ABOVE: Treasurer Larry White, scholarship winner Daniel White, scholarship winner David Hillegas and guest. **BELOW:** Barry Midwood addresses the membership at the June Breakfast Meeting.



PICTURES FROM THE JUNE MEETING



1: Barry Midwood, right, swears in the new chapter officers and directors. 2: Donna Popow receives Certificate of Appreciation for Scholarship work. 3: Larry White is recognized for his work as Treasurer. 4: Lilly Cowan receives Certificate of Appreciation for her role in Programs. 5: Incoming President on Hensinger thanks outgoing President Marty Frappolli for service to the chapter. 6: Russ Rado, AAMGA, keynote speaker. 7: Ann Myhr, left, and Marty Frappolli, right, flank scholarship award winners David Hillegas and Daniel White. 8: Rina Williams is recognized for her work on membership and candidate recruitment.



Ann Myhr, CPCU, received the 2004/2005 President's Award for her outstanding service to the Chapter.

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ANN MYHR IS PHILLY CHAPTER MEMBER OF THE YEAR

At the June 2005 Business Meeting of the Philadelphia Chapter, Ann Myhr, CPCU, was honored with the President's Award in recognition of her ongoing dedication to chapter service. Ann joins a distinguished list of previous President's Award winners, including Val Ullman-Katz, Dave Shepherd, Cindy Wolkiewicz, Jo Battista, Lilly Cowan, and Rick Lee.

For her ongoing support of all Chapter Activities, including Franklin Award, Ronald McDonald House and other Good Works efforts, for her valued and trusted advice to new leaders, Ann was chosen for the 2004-2005 President's Award.



At the close of each chapter year, the president is tasked with recognizing the contributions of those who volunteered for leadership roles, both as officers and directors and as committee

chairs. Those persons are honored at the June Business Meeting. The highest award of service, the President's Award, is decided at the president's discretion.



Outgoing President Marty Frappolli said "After spending two full terms as Chapter President, Ann surely deserved some "time off" to sit back and take a breather from chapter activities. Nonetheless, Ann stayed fully committed to the chapter, participating and planning key events and providing valued counsel to new leadership. Ann is a storehouse of chapter information and always happy to share her knowledge. Whatever successes we had as a chapter in 2004-2005, Ann played a major part."

Congratulations to the **Chapter MVP, Ann Myhr.**

NEW CHAPTER OFFICERS

At the June 16, 2005 Breakfast Meeting, CPCU Society Vice President Barry Midwood joined us to swear in the new slate of chapter officers and directors for 2005/6 (photo on page 8). Your new slate of officers and directors is:

- ♦ **President:** Jon Hensinger
- ♦ **President-Elect:** Lilly Cowan
- ♦ **Treasurer:** Larry White
- ♦ **Vice President:** Donna Popow
- ♦ **Secretary:** Cindy Wolkiewicz
- ♦ **Directors:**
 - ♦ Charlie Butler
 - ♦ Angela Grodanz
 - ♦ Rina Williams
 - ♦ Mayleen Gallagher
 - ♦ Jim Sherlock
 - ♦ Storm Wilkins

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PROBABILITY OR CONSEQUENCE

by **BARNEY F. PELANT, MBCP**

Is it the probability or the consequence of an outcome that drives our actions? Often, when trying to introduce awareness of the need for a business continuity program we are confronted with such responses as:

- What is the probability of that ever happening?
- We have never had a disastrous event in our history! What makes you think we will have a disaster in the future? And so forth ...

Have you ever stopped to think about the legitimacy of these questions? Are they merely a test of our resolve and understanding of human logic, or are they something more? Let's look at each of these views and their relationship to business continuity.

Probability

The probability of an outcome is a very important principle in our business continuity program (BCP). Our BCP comprises two agendas – protection and continuity. Protection consists of putting into place viable measures to defend us against known threats that exist in our environment. To do this we evaluate the probability of specific events occurring that could disrupt or destroy our operating environment. If the probability is high, and the effect (consequence) is high, we look at cost-effective measures to shield us against incurring the possible effect. Of course, the cost of our mitigation measures cannot be greater than the estimated cost of the possible effect. The cost of providing 100 percent protection against all possible threats is usually prohibitively expensive. Additionally, the resulting measures would probably encumber our ability to carry out day-to-day operations in an efficient and cost-effective manner.

However, if a real threat is unknown, we will not necessarily carry out any measures to protect ourselves against that threat. Consequently, that is why we have the continuity facet to our program, to provide us recoverability against all possible threats. The continuity agenda exists to safeguard us should our protection measures fail us or we incur the wrath of a threat we did not consider.

The second role that probability plays in our BCP is in the development of viable business continuity or recovery strategies. We need to develop business continuity or recovery strategies that provide us a high-probability of being successfully carried out in case of a disruption of operations or a disastrous event. This includes such considerations as having adequate availability of sufficiently skilled and trained personnel, access to critical information and resources, and timely access to an alternate location.

For example, we would not place critical recovery resources in an off-site storage location that is subject to a high risk or threat, or that is highly likely to suffer disastrous consequences from the same event that disrupts our critical operating site. This could occur if we were to locate our off-site



storage facility in a known floodplain, if both sites were in the same utility power grid, or both sites were in alignment with the path that tornadoes are known to frequent in the area, etc. Performing risk assessments using the principles of probability provide us a basis for making more viable strategy selections.

However, the knowledge of all possible threats is unknown, and probabilities are only a compilation of past experiences with qualifying assumptions. They do not necessarily represent the possibility or consequences of events in the future.

Consequence

Consequence is the fundamental basis of our BCP. To establish the requirements for our program we do a business impact analysis (BIA). The BIA is the gathering and evaluation of information about the organizational consequences of interrupting our day-to-day business functions and processes. This evaluation provides us a sense of the relative criticality and importance of all our functions, processes and resources as they relate to the functioning of the whole organization.

Additionally, it provides a clear business rationale and cost justification for the development and selection of cost-effective business continuity and recovery strategies. This is because learning the financial impact of disrupting functions and processes is an important part of the BIA Project.

Consequence is also the fundamental basis for how we tend to manage our day-to-day lives and make life-important decisions. For example, why is it that we do not usually purchase any measurable life insurance coverage until after we enter into the commitment of marriage? Then we continue to increase that coverage as our family continues to grow. Is it because we are concerned with the probability of our mortality, which is one or 100 percent? Or, is it because of the consequence that our absence would have on our family unit? Additionally, why do we couple a financial plan and a will along with our insurance program to address a specific approach for carrying out the disposition of our estate? Sounds like a family continuity program to me! How is that different from a business continuity program? Why should we look at business continuity any differently? Is one more important than the other?

We can continue to cite examples of our consequence-based world and behavior. For example, we often relate crime and punishment consequentially (e.g., If you can't do the time, don't do the crime, etc.). We bet on long shots at the track,



Continued on page 11

PROBABILITY OR CONSEQUENCE, cont.

on the lottery, and other gaming events. Surely, this is not because of the probability of losing. Is it not the consequences of winning?

What is the real question?

Why do we selectively decide to play the probability card when it comes to supporting business continuity? Is it to diffuse the spending of monies on something that does not appear to support getting product and services out the door? Experience shows us that development of a sound business continuity program provides us with better business processes for day-to-day operations and greater resiliency from the consequences of day-to-day interruptions. So that can't be the issue.

Does our management team truly believe they are invincible? Do we not believe in ensuring our own mission, vision, and values statements that proclaim that we will always be the best provider to our customers, employees, and stake-



holders? What do you think? Disruptions do occur and they continue to emanate from the most obscure and unknown events and threats. In a perfect world we would know all the threats that face us and could predict the probability of their occurrence to manage our daily lives. But we do not live in such

a place. Our world will always be vulnerable, either directly or indirectly from the misfortune of others, to the consequences of disruptions that we can only partially predict or control.

So, what is the real question? Do we believe it is prudent to manage your organization in such a manner so as to ensure continuity and perpetuity, or are we only there for the short-term without regard for the welfare of our customers, employees, and stakeholders?

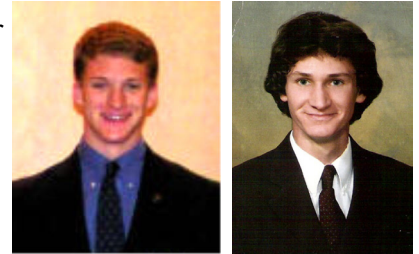
If we take the latter view, it will be a short-term relationship for both our organization and us! Most importantly, business continuity is not the responsibility of one individual or even a team. Every employee, manager, and officer of the organization must be held accountable to ensure success. Like safety and security, it does not work unless everyone believes it is important and consequential. But once we all believe, the resulting consequences are preferable for everyone. This we know with a probability of one!

Barney Pelant, MBA, MBACP is founder and managing director of Barney F. Pelant & Associates, a practice dedicated to business continuity planning and development for mid-sized and Fortune 500 companies. For more information call (630) 894-6989 or e-mail Barney at Bpelant@cs.com.

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Chapter Awards Scholarships

The Philadelphia Chapter CPCU has a Scholarship Fund to make annual grants-in-aid to those meeting our qualifications and criteria. The amount of Grant varies depending on the number of worthy applicants during any given year.



Daniel White (L) and David Hillegas

To be eligible the applicant must: be a relative of someone employed in the insurance industry in the Philadelphia Chapter territory or employed in the industry elsewhere, but reside in the Philadelphia territory; be enrolled at an accredited 2 or 4 year college or university; submit a completed application before the May 1 deadline.

The scholarship winners, Daniel White and David Hillegas, were invited to our June Breakfast Meeting. President Marty Frappolli presented the grants. Daniel is the son of chapter Treasurer Larry White, and David is the son of chapter member Louis Hillegas. Find a copy of the 2005 Scholarship application and additional information on the Scholarship Grant on our website:

<http://philadelphia.cpcusociety.org/page/50272/index.v3page>

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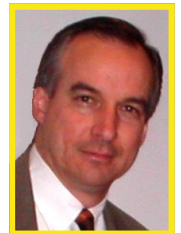
Each new chapter year presents an opportunity for individual and career growth. Our monthly breakfast meetings (which you can always find on our website along with reservation forms and instructions) offer a stream of topics that inform on both a technical and a personal level. We are pleased to continue the tradition of assembling the executive leaders of the industry for our "View From The Top" panel at the September Breakfast Meeting. Following that, we don't slow down a bit: on October 5, we are sponsoring the **CPCU Society Double Workshop: Tips, Tricks, and Traps of the CGL and Hidden Coverages** presented by Bryan Tilden.

Sometimes, I think that perhaps I don't have time for the monthly breakfast meeting. However, once I am there, enjoying the hearty breakfast, the networking, and the camaraderie of insurance professionals, I never have any regret. In the final analysis, I feel that I cannot afford *not* to attend, since it will be much harder to otherwise obtain the same knowledge in such an efficient manner.

It goes naturally with being a CPCU. Most of us are pretty good at our line of business or area of insurance expertise. But it was the study of CPCU that made us well-versed in the larger world of insurance and risk management. Brokers come to know about direct writers; auto claims adjusters learn about aviation underwrit-

FROM THE EDITOR

Martin J. Frappolli, CPCU, AIS



ing; maritime workers' compensation lawyers are exposed to the principles of statutory accounting.

Continuing this diverse education is what helps you to keep the edge that earning your CPCU designation brought. It's our goal and our pledge to make such opportunities easy, worthy, and affordable to you and to your employer.

As always, we seek your participation and we value your feedback. Make sure you are getting the value your career deserves from your membership in the Philadelphia Chapter CPCU Society. Take a look at the calendar of events, shown at the bottom of the home page of our website, and reserve time on your calendar.

While you're doing that, put a big red circle around December 7, 2005 — the date for Philly I-Day. This is the premiere insurance event in the Delaware Valley, and one of the largest I-Day events in the nation. Opportunities to learn, to network, to attend the luncheon and the New Designee Conferment Ceremony. We'll have several educational sessions, qualifying for CPD & CE credits.

2005-2006: Make this chapter year work for you.