



LOS ANGELES CHAPTER

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UPCOMING EVENTS

February 10, 2004 SPECIAL NOTICE

The Windows Restaurant closed without warning on January 10. We held the January Meeting in the Transamerica basement meeting room next to a reasonably priced cafeteria. February's meeting will be in the Transamerica Building at 1150 South Olive, either on the 32nd floor if the restaurant has reopened or in the basement if the restaurant has not reopened. A greeter will be in the Transamerica Lobby to direct you.

February 10 will be a joint meeting with the Marine Underwriters to discuss "Marine Insurance Needs and Loss Control Issues"

March 9, 2004 Ethics Month

Chapter Meeting
Karen Oxman will discuss her project "Covenant Not To Compete" Filed for one CE Credit Transamerica Building

April 13, 2004
Annual Business Meeting
Recognition of Retirees
Transamerica Building

May 11, 2004
Election of Board
Filed for one CE Credit
Transamerica Building

June 8, 2004
Installation of Board
Jonathan Club



PRESIDENT'S CORNER

By Mary King, CPCU

The State of the Insurance Market

Another year has ended! Can you believe it? Where does the time go? The good news is that, as 2003 is drawing to a close, the property/casualty insurance market generally continues to show signs of steady improvement after a very difficult period. Income and losses have been balanced somewhat with the price increases and underwriting restrictions we have seen in the last two years. This has been a good thing for the commercial insureds.

Insurance capacity is definitely increasing in most product lines as new players have entered the market, although we are not at the levels we enjoyed in the late 1990's. The question is, however, whether this new capacity will "stay the course" as competition again puts downward pressure on pricing and narrows the potential for attractive returns for the carriers' investors.

Some insurers were better positioned to weather the challenge of the last hard market than others. Carriers we thought would always be with us, such as Kemper and, more recently, Royal SunAlliance, have virtually withdrawn from the market. Some worry that these changes may be a sign of things to come as ratings downgrades of underwriters have generated concern among commercial insurance buyers regarding the financial security of their insurance market.

The recently announced merger of St. Paul and Travelers will combine their underwriting operations. While the consolidation of their capital should not diminish the net capacity of the market, the management of that combined capacity under one roof does remove some of the competitive force that influences pricing in the market.

Some market segments, such as Workers' Compensation and Medical Malpractice are still not out of the woods. The financial health of some carriers is now an issue of increased focus as some markets remain vulnerable to the potential influence of an uncertain economy and ever-present catastrophe loss potentials.

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It appears that, for the most part, the trends anticipated at the beginning of 2003 have become a reality at the end of the year. Capacity and the income and loss components of underwriting results are moving in the right direction, as the 2004 renewals are about to begin.

The surplus lines, or non-admitted, market continues to grow. That has historically happened during a hard market. Surplus line carriers have maintained a high level of financial strength and strong operating results, which are supported by sound underwriting guidelines.

Over the past five years, the operating results generated by the surplus lines market have continued to outperform the overall property/casualty industry.

On the agency side, we continue to see both large and small brokers continuing to search for potential merger and acquisition candidates for new sources of income, market clout and alternative production capacity during these dynamic times. Revenues for agents are generally up which increases the value of their agencies.

As for your CPCU Chapter, your Board is working very hard to bring you the types of programs you want to have. I would also like to welcome Wes Kwon to our Board.. Paula Moss has resigned and Wes has stepped up to the plate. Thank you, Wes.

This year you can receive one CE credit for most of our luncheon meetings. I heard someone say the other day that they didn't get involved in CPCU because its focus was too much education. That is a bit troublesome to me. With this industry changing so much on a regular basis, I ask you, how can we know too much? Please don't stay away. Come and join us on a monthly basis at our meetings.



2003/2004
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Don's Corner

By Don Marwin, CPCU
Regional Governor

**A Time To Reflect and Time
To Move Forward**

Looking back at 2002-2003, there were numerous highlights for the Society throughout the year that are charting our course for the future. I am very pleased to share some of the significant events and report that the Society remains financially strong and ready to serve the membership with expanded programs throughout 2003-2004.

Accomplishments

- 26,609 members
- 28,878 total members, including 2003 CPCU new designees.
- \$5.74 million in revenues and \$5.44 million in expenses.
- \$290,000 contributed to surplus.

Brand Recognition Strategic Goal

- 121 Connection Visits-National and local employers.
- "Spread the Word" campaign resulted in more than 630,000 impressions.
- New "Spread The Word" promotions and new advertisements introduced "Tell A Friend", "Stake Your Claim" and "Hall Of Fame".

**Member Access to a Growing Number
of Programs**

- 89 education programs delivered on technical insurance topics-twice the number delivered in previous years.
- 17 new topics including terrorism and the mold risk.
- New e-Journal articles published each month.
- 4 new courses were added to the National Leadership Institute's (NLI) curriculum.
- 800 NLI courses were delivered.
- 8 leadership articles were posted to the Society's website.
- 7 career management programs were offered at the Annual Meeting.
- The Society's Job Network added 50 new job postings per month.

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Other Accomplishments

- All Chapters have populated websites.
- 100 Chapters and 11 Sections qualified for Circle of Excellence recognition.
- New Chapters nurtured in Japan and Europe.
- Articles favorable to the Society appeared in every major trade publication.

So you can see, 2002-2003 was a very successful year for the CPCU Society, both Nationally and, especially for the Southern California Chapters.

2003-2004 is well underway and the big event will be the Annual Meeting in Los Angeles next October. Be a part of this great event by renewing your membership, if you have not done so already, and support your Chapter. I guarantee that the remainder of 2004 will be a Great Time to be a CPCU.

**SPREAD
THE WORD VISIBILITY
CAMPAIGN**

WAY TO GO!!!, JOHN

Farmers Insurance Group recently recognized our own John Klapat as the employee who made the greatest contribution during 2003 in promoting insurance education. Congratulations, John. Well deserved.

John received the Farmers John Edward Hutton Award, named after the first Farmers employee to earn the CPCU designation and who vigorously continued to promote the importance of continuing insurance education. Mr. Hutton was one of the original CPCUs in the Pacific Coast Chapter, founded in 1945, from which our Los Angeles Chapter evolved.

John is a 19 year career employee with Farmers Insurance Group. His current job is Systems Analyst and is responsible for managing Farmers IMPACT, an online information system with 500 users nationwide.

John is also actively involved with insurance education. He has received the designations of CPCU, AU and AIC and completed the INS Program. Currently, he is serving on the Board of the Los Angeles Chapter of CPCU as Secretary. He was Co-Chair of the CPCU All Industry Day held last November. John teaches insurance classes at Farmers and is currently organizing a Toastmaster Chapter at Farmers Insurance.

WEB CORNER

By John Klapat, CPCU
Secretary and Webmaster

SPECIAL INTEREST SECTIONS OF THE NATIONAL WEBSITE

The CPCU Society's Special Interest Sections allow subscribers to keep up-to-date on industry issues. There are 14 Special Interest Sections. Subscription cost to a Section is \$30. yearly or \$90. for a lifetime subscription. Currently, New Designees can receive complimentary free subscriptions to as many Sections as they wish for 2004. What a deal! You can check available Special Interest Sections by logging on to the CPCU Society's Website at www.cpcusociety.org/

I subscribe to the IT Section. I am a Systems Analyst working for the Farmers Insurance Group in the MIS Department. My specialty is maintaining a type of Data Warehouse used by many different departments in Farmers. In a recent IT Newsletter, Patricia Saporito discusses Data Mining. Briefly defined, Data Mining is looking at data to find relationships. For example, cases of fraud can be found by locating the same names on many claims. Saporito states, 'Insurance is an industry run on data'. All of the data must be organized and accessible. A Data Warehouse makes this possible. A Data Warehouse is a collection of data that is organized, is accessible and updateable. The marketing, underwriting, claims and finance departments of an insurance company can use the Data Warehouse. Each department will look at and use the data for different purposes. Please out the Special Interest Sections of the CPCU Society. I'm sure you will find a section to satisfy your interests.

COMING UP SOON 2004 NATIONAL LEADERSHIP INSTITUTE MARK YOUR CALENDAR

This year's National Leadership Institute (NLI) will take place in Tampa, FL, from April 22-23. This leadership development meeting follows the 2004 Leadership Summit which takes place from April 21-22. Everyone interested in advancing his or her career should plan to attend this important career and leadership development event.

2004 ANNUAL MEETING RIGHT AROUND THE CORNER

By Pat Rosandich, CPCU
Co-Chair, 2004 Committee

2004 has arrived and with it, brings the most exciting event the Los Angeles Chapter has been involved in for quite some time. We are the host chapter for the 2004 Society's Annual Meeting to be held in October.

As a reminder, the dates are October 24-26 at the Bonaventure Hotel in downtown Los Angeles. The Hyatt and Biltmore Hotels will be used for additional accommodations. We are anticipating 3,000 attendees.

The local 2004 Committee is in place with meetings taking place regularly. Our Committee hosted a booth in New Orleans last fall to entice CPCU's and others actively involved with the Society to come to Los Angeles. We will soon be sending letters to potential sponsors who will include local insurance companies, producers, trade associations, etc. There is still considerable work and fun to be done before we are ready for this fantastic opportunity.

As you all know, events such as this one, takes a lot of manpower. Our biggest need will be for marshals throughout the entire event. Whether you can donate 2 hours or 12 hours, we would welcome your assistance. Carl Ferraris is the Marshal Chairman and would appreciate hearing from anyone interested in volunteering. You can contact Carl at cferraris@venbrook.com/

This Chapter Newsletter is the best avenue to keep you updated on the progress of this event. This column will be a regular part of future newsletters. If you are interested in working on the 2004 Committee or just attending our next meeting which is scheduled for February 3, just e-mail me (rosandich2@sbcglobal.net) or Betsy Brewer (bbrewer@ruleco.com) as we are the Co-Chairs.

WORDS TO LIVE BY

If you're interested in looking for a guaranteed return on your career investment.....

look no further than the CPCU Society and its volunteer opportunities. You'll learn, grow, and be challenged in ways you never thought possible.

James R. Nau, CPCU, ARM,
2002-2003 CPCUSociety President
at the Society's
59th Annual Meeting and Seminars

SPREAD THE WORD VISIBILITY CAMPAIGN

OUR PRESIDENT HITS THE BIG TIME

Chapter President Mary King recently attended a private dinner party, hosted by Nancy Reagan, at the Ronald Reagan Museum in Simi Valley. This gave Mary an excellent opportunity to promote CPCU with Mrs. Reagan and to exchange ideas in other matters of equal importance. Our Chapter was well represented.



TESSA AND CHESEBROUGH RECOGNIZED AT I-DAY

At the November 4 All Industry Day, The Institutes recognized Tessa Lucero and John Chesebrough by presenting them with the Institute's Outstanding CPCU/IIA Course Leader Awards because the pass ratios for their classes exceeded national pass ratios. Congratulations to Tessa and John for their inspirational leadership.

CPCU SOCIETY CELEBRATES 60 YEARS OF EXCELLENCE IN 2004

January 1, 2004 marks the start of the CPCU Society's 60th anniversary celebration. Plan now to attend the 60th Annual Meeting and Seminars in Los Angeles, October 23-26, for the grand finale of our 60th anniversary celebration. You can be a part of this spectacular event by contacting the 2004 Committee now and volunteering for a "piece of the action".

*I never notice what has been done.
I only see what remains to be done.
.....Madam Curie*

OTHER AREA CHAPTERS

For your information, there are other CPCU Chapters within the Los Angeles area that meet periodically. Attending these meetings, when convenient, affords you another opportunity to listen to informative topics and to network with other CPCUs. For more information, refer to the contacts below.

California El Camino Chapter

President Joe Wetter at: thewetters@msn.com/

Orange Empire Chapter

President John Hunt at: john.hunt@thehartford.com/

San Gabriel Valley Chapter

President John Larisey at: john.larisey@combined.com

South Coast Chapter

For information and a complete calendar of events for the Los Angeles Area Chapters: <http://members.cox.net/steveshorr1/>



EXCITING NEW IEA WORKSHOPS FOR THIS SPRING

Several new exciting IEA workshops are available for this spring. Here are a few provocative titles: Am I Covered?, Construction Defect and Mold Liability, How Insurance Works?, Insurance for Non-Profit Organizations, Limiting Your Liability and The Terrorism and Risk Insurance Act and its Effect on the Insurance Industry. For more information on these and many other workshops and courses, including online courses, go to IEA's website: www.ieatraining.com/ You can also register online.

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Educating for Excellence

The 16th Annual Combined Claims Conference will be held March 23-24, 2004 at the Pacific Palms Conference Center in the City of Industry. For registration, exhibitor or sponsorship information, call (888) 811-6933, Fax (888) 969-6922 or contact website: www.combinedclaims.com/



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CHAPTER GOOD WORKS PROJECT



(l to r) Speaker George Wallace, Chapter President Mary King and Program Chair Tessa Lucero. George is being congratulated for his informative topic “Punitive Damages: What Insurance Professionals Need to Know” which was presented at December’s Meeting. George currently serves as a Director on the Chapter’s Board.



A table laden with generous donations of holiday cheer for the mothers and their children of St. Anne’s received during December’s chapter meeting.



(l to r) Program Chair Tessa Lucero, Chapter President Mary King and Speaker Victoria Bennett who presented an informative talk on financial institutions at January’s meeting. Victoria was assisted by her sister Tessa who is an instructor of the CPCU financial courses. The presentation included an introduction of the new CPCU Course: Financial Institutions and Financial Systems and an overview of the relationships between the Federal Reserve, stock exchanges, banks and other lenders.



(l to r) A very pleased Chapter President Elect Tessa Lucero is congratulating a beaming Ava Kuhn, lucky winner of the chapter’s monthly door prize for January.



I-Day Head Table Chapter Presidents (l to r) Joe Wetter, California El Camino Chapter, Jim Brown, Past President and Co-Chair I-day, Los Angeles Chapter, Henry Andreucetti, South Coast Chapter, Mary King, Los Angeles Chapter and John Larisey, San Gabriel Valley Chapter.



Insurance Educational Association (IEA) and The Institutes exhibited outstanding educational materials at I-Day. (l to r) Martha Cockrell and Lynne Frampton represented IEA and Chuck Hussey, Western Region Director, represented The Institutes.



Lynne Hsia, Past President of the San Gabriel Valley Chapter, presented the 2003 Rie R. Sharp Memorial Award to Andrew Zagrzejewski, known to many as Andy Zag, at the November 4 All Industry Day. This prestigious honor awarded by the CPCU Chapters of California El Camino, Los Angeles, San Gabriel Valley and South Coast recognized Andy as the individual whose personal and professional conduct and lifetime accomplishments serve as an example to the insurance industry. Andy “embodies our industry’s commitment to leadership, continuing education and training and customer service”, said Lynne Hsia, the award presenter.