

Pamic
100 Years
of Service
1907-2007

VOLUME 38

ISSUE 2

March—April, 2007

PULSE

newsletter

Pennsylvania Association of Mutual Insurance Companies

From the President



In the November – December issue of the PAMIC Pulse, I pointed out the work of your fellow members on the Government Affairs Committee and also encouraged all of you to seriously consider participating in the PAMIC Mutual Insurance Day in February. The Pennsylvania legislature is back in session, budget hearings are in full swing, and Mutual Insurance Day is behind us. It's a good time to take our bearings as we confront this new legislative session.

First of all, please be aware that your Government Affairs Committee has been actively engaged in formulating positions, meeting legislators, and monitoring regulatory developments. Last December I mentioned that the committee would be meeting more frequently (at least once a month) via conference call while the legislature was in session and we are fulfilling that promise. This year I have also made a good beginning in regularly meeting with colleagues in other trade associations to try to present a united front wherever that can reasonably be done. Of course, with the recent resignation of Insurance Commissioner Diane Koken, maintaining contact with the Insurance Department becomes even more important, and members of your Government Affairs Committee will join me in a March meeting with Acting Commissioner Randy Rohrbaugh and his staff.

But, as I never cease to reiterate, the key to government relations success for an association such as ours is an active and energized membership able and willing to engage in grassroots lobbying. And that is where many of you recently came through in a truly outstanding way. What I am talking about is Mutual Insurance Day and the grassroots activity surrounding it. Here is what happened on February 5 – 6.

This year the Mutual Insurance Day events began on February 5 with a luncheon and executive roundtable facilitated by Chairman Fitzsimmons. This was followed by my legislative briefing session. The legislative reception followed that evening. For the past two years legislative attendance at these receptions has been disappointing. That changed this year. The turnout included most members of both the House Insurance and the Senate Banking and Insurance Committees. On Tuesday, February 6, the legislative breakfast at the Capitol Building was similarly well attended. By PAMIC staff count over 75 legislators attended the breakfast.

(From the President continued on page 7)

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ID STATEMENT

PULSE

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Chairman's Comments



The association year is one half over and off to a good start. I have had several enjoyable visits to member companies as I passed through the state. I have been able to make it to many of the committee meetings and have seen first hand that they are all well staffed with able leadership. I do appreciate the committee structure of PAMIC and the way it permits the members to have input to the educational seminars. If you have never availed yourself of the privilege and obligation of committee membership, please consider it for next year. You will be the primary beneficiary of the time invested.

There were several good seminars in the fall and winter of last year. This year is starting out just as well. The recent Spring Conference in State College was a success with sixty nine registered attendees. This is the former Small Company Seminar with a name change. The emphasis is still on small company but it has been noted that all companies can benefit from the good basic information that is presented.

Steve Elliott started off the conference with a not so normal legislative update. I was expecting a call for help in the PAMIC PAC area as I am now in a position to see how the funds are used and how fast they can go. Our PAC contributions are small in comparison to other insurance pacs so we are extremely cautious on how money is spent. I asked Steve how it would affect the fund if every employee in each PAMIC company gave ten dollars and he answered with a very big smile. I am asking our employees to consider at least that amount and I encourage all of you to do the same. Instead of a message on the activities in Harrisburg, Steve spent most of his time on the federal issue of McCarran-Ferguson wherein regulation of the insurance industry may go from the State to the Federal Government.

Convention plans are well underway. We will be celebrating our 100th year so make your plans now to attend. The special director's sessions last year received many favorable comments. Because of this, the committee has again planned to make this a worthwhile event for both board members and management. Board of Director Education can be equally as important as employee education. Rocky Gap Resort is a swell place to relax as you become informed. Several members have recently reminded me of what a nice place it is for a convention.

This would not be a complete report if I did not mention Enterprise Risk Analysis and Management. Possibly because of the manual farm labor in my past life, I always think of a three legged milking stool when anyone mentions Enterprise Risk Management. What would a company do if something knocked all the legs out from under us at one time? The error with this image is that the stool now has many more legs. The subject is a valid one that warrants much discussion and effort. At the round table discussion in conjunction with our Mutual Insurance Day Legislative efforts this year we heard that this it is something that we all have been doing; we just have not previously put it in writing. It is sort of a Murphy's Law for Insurance. By putting a plan into writing, we can be more confident that we have all of the legs secured.

Very truly yours,

Robert A. Fitzsimmons
President/CEO
Farmers Mutual Fire Insurance Company of Marble
2006—2007 PAMIC Chairman

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Used Gestetner DSC- 38 Color
Copier in
Very Good Condition!**

**For more information,
call 717-303-0197 or e-mail :
pamic@pamic.org**



Featured PAMIC Event

Agricultural Risk Inspection School

May 22, 23 & 24, 2007 Eden Resort, Lancaster

PAMIC has partnered with NAMIC to provide an intensive two and a half-day program designed for loss control specialists, underwriters, managers and supervisors. The highlight of the school is the farm visit where attendees go through a hands-on inspection of at a local area farm.

Sessions include:

- **Understanding Residential and Farm Electrical Systems**
 - **Farm Machinery and Equipment Safety**
 - **Insuring Alternative Energy Sources**
 - **Confinement Concerns**
 - **Residential and Farm Survey**
- **Managing and Underwriting the Equine Risk**

To download a Registration Form, please visit www.pamic.org or call 717-303-0197.

Or register online at www.namic.org.

Early Bird Registration Deadline: Registrations received on or before April 22, 2007

NAMIC or PAMIC Member (on or before 4/22)= \$330

NAMIC or PAMIC Member (4/23 and after)= \$380

Non Member (on or before 4/22) = \$405

Non Member (4/23 and after) = \$455

Accommodations

Eden Resort Inn & Suites

222 Eden Road

Lancaster, PA 17601-4216

Phone: 1-866-801-6430 or 717-569-6444

Fax: 717-569-4208

Event Hotel Rate and Cut Off Date

Rate: \$105.95 plus taxes per night for single/double occupancy.

To reserve your room, contact the Eden Resort directly at 1-866-801-6430 or 717-569-6444. Please mention group #331415 or that you are with the PAMIC / NAMIC group in order to receive our special group rate. All reservations must be made by Sunday, April 22, 2007, in order to receive the group rate.



Education Update

2007 Claims Summit

April 11 & 12 • Eden Resort, Lancaster, PA

PAMIC would like to thank the following sponsors for helping to make the 2007 Claims Summit possible.

Gold Sponsors

- ✧ Andracki Law Offices, PLLC
- ✧ CodeBlue
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- ✧ Fineman Krekstein & Harris P.C.
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- ✧ McShea Associates, Inc.
- ✧ Zimmer Kunz, PLLC

Thank you

There is still time to register for this very popular PAMIC event.
Please visit PAMIC at www.pamic.org

Upcoming Roundtables :

Financial Management Roundtable

Tuesday, April 17, 2007

Goodville Mutual Casualty Company
625 West Main Street, New Holland

Roundtable Discussion facilitated by:
Philip Shirk, CFO

Goodville Mutual Casualty Company

10:00am to 12:30 pm

Roundtable Discussion to Continue
through Lunch.

FEE: \$25 per person
(includes lunch)

Human Resources Roundtable

Thursday, May 3, 2007

Lititz Mutual Insurance Company
2 North Broad Street, Lititz

Roundtable Discussion facilitated by:
Steven Horner

of Horner & Associates, Inc.

9:30 am to 12:30 pm

Roundtable Discussion to Continue
through Lunch.

FEE: \$25 per person
(includes lunch)

Government Affairs

“Victims of Abuse” Legislation

New Requirements Imposed on Insurers when Dealing with ‘Victims of Abuse’

Matthew C. Lenahan, Esquire

Richard W. DiBella, Esquire

DiBella, Geer, McAllister & Best, P.C.

312 Boulevard of the Allies

Pittsburgh, PA 15222



Richard W. DiBella is a shareholder and Matthew C. Lenahan is an associate at the law firm of DiBella, Geer, McAllister & Best, P.C., a full-service insurance firm with offices in Pittsburgh.

On July 7, 2006, Governor Rendell signed into law House Bill 1632, which amends the Unfair Insurance Practices Act (40 P.S. § 1171.1 *et seq*) to further define the definitions of “abuse,” “unfair methods of competition” and “unfair or deceptive acts or practices.” These new amendments, which took effect on September 7, 2006, will dramatically alter the way in which insurers deal with claims submitted by insureds who are “victims of abuse”, as defined by the statute. In summary, these new amendments prohibit an insurer from refusing to pay an insured who is a “victim of abuse” for property losses arising out of abuse to that person, if the loss is caused by the intentional act of another insured. Also, these new amendments require an insurer to provide certain notifications to an insured if a claim is submitted arising from abuse.

WHAT INSURED ARE PROTECTED BY THESE NEW AMENDMENTS?

In order to qualify for the protections of these new amendments, an insured must fall into the protected class, and be a “victim of abuse.”

First of all, these new UIPA amendments apply only to people “covered under” the Pennsylvania Protection from Abuse Statute. These individuals are defined as “family or household members, sexual or intimate partners or persons who share biological parenthood.” While it has been suggested that this language should be interpreted to mean that the UIPA amendments are limited to apply only to that defined group of individuals defined in that statute and only if they are under the protection of a protection from abuse order, it appears that there is no necessity that an actual abuse order have been issued, and that the UIPA applies to those who fall within the class “covered under” the domestic abuse statute, i.e., family or household members, sexual or intimate partners or persons who share biological parenthood.

In order to further qualify for the protections of these amendments, the insured seeking coverage must have also been a “victim of abuse.” The term “Victim of abuse” is a defined term under the UIPA. It means “an individual who is a victim or an individual who seeks or has sought medical or psychological treatment for abuse, protection from abuse or shelter from abuse.” “Victim” is also a defined term and means “an individual who is or has been subjected to abuse.” Although this definition may seem somewhat bootstrap, a “victim of abuse” can be any one of the following: 1.) a victim, simply meaning a person who has been subject to abuse; 2.) an individual who seeks or has sought medical or psychological treatment for abuse; 3.) an individual who seeks or has sought a protection from abuse order; or 4.) an individual who seeks or has sought shelter from abuse.

Thus, if an insured comes within the protected class, i.e., “family or household members, sexual or intimate partners or persons who share biological parenthood,” and can satisfy any one of the requirements set forth above, for being a “victim of abuse,” irrespective of whether or not a protection from abuse order was ever sought or ever obtained, he or she appears to enjoy the protection of the UIPA amendments.

HOW DO THE NEW AMENDMENTS AFFECT CLAIMS?

These new UIPA amendments make it an unfair insurance practice to deny coverage to an insured, who falls into the protected class and is a “victim of abuse”, arising out of “abuse” to that insured by another insured. The UIPA definitions section has been amended to expand the definition of abuse to encompass the act of causing or attempting to cause *destruction of property* in an attempt at intimidation. (Previously, abuse addressed only psychological or bodily-type harm.) Based on the plain language of the amendment, this would appear to cover, for instance, a coinsured spouse who smashes the windows of an insured’s car in an attempt to intimidate or control the behavior of that spouse. The same would be true if an insured spouse set fire to a home, again with the intention to intimidate or attempt to control the behavior of the other spouse. Previously, this type of loss could be denied with appropriate policy language barring the claim of one insured for the intentional acts of another. Under these new UIPA amendments, however, it would be considered an unfair insurance practice to deny coverage to the “abused” insured, as long as that insured falls within the protected class, discussed above. It should be noted that an insured is only obligated to pay a loss up to the “abused” insured’s legal interest in the property; also, a payment to the “abused” insured constitutes payment as to all other insureds under the policy (which prevents an “abusing” insured from recovering anything as a result of his/her act).

Importantly, these UIPA amendments require an insurer, when they receive a claim from an insured that resulted from abuse to that insured, to provide notice to that insured which includes the following information:

That the insurer cannot refuse to pay a claim without conducting a reasonable investigation, and that such investigation may include or result in contact with other insureds.

That, at the request of the insured, the insurer will not disclose the location of the insured to the other insureds or third parties as part of the investigation.

That the insurer will notify the insured at least fourteen days prior to instituting any legal action against the insured alleged to have caused the loss.

That, after an insurer has paid a loss as a result of the claim, the insurer may nonrenew coverage or impose a surcharge as to the insured alleged to have caused the loss as long as the nonrenewal or surcharge imposition is not done prior to the later of six months following payment of the claim or the policy's renewal date.

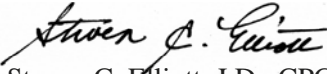
The national domestic violence hotline number must also be provided to the abused insured.

CONCLUSION

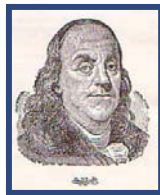
These amendments to the UIPA make it an unfair insurance practice to fail to pay the claim of an insured who is a victim of abuse, if that loss is caused by an intentional act of another insured, calculated to control or intimidate. These amendments also provide new requirements for insurers when these types of claims are submitted. As these are new amendments, there has yet to be any judicial interpretation, and, as this occurs, there are bound to be changes and developing nuances. For the time being, however, all insurers should be aware of the factual situation that gives rise to these types of claims, and know that there are requirements that need to be met.

In my judgment, the substantive quality of the discussions with PAMIC members markedly improved over prior years. PAMIC always has separate appointments following breakfast. This year 18 PAMIC members had separate in-office appointments with senators and representatives. PAMIC members met with 19 representatives and 13 senators. At our committee follow-up conference call the next day, GA Committee Chairman Rob Dodds expressed satisfaction with both the turnout and the events. He sent messages of appreciation to the PAMIC attendees. I too want to thank all attendees and also Pennsylvania Lumbermens and NAMIC for their generous financial support that helped make this important event so successful.

Sincerely,



Steven C. Elliott, J.D., CPCU, CLU



**PAMIC
1907-2007**

As part of our 100 year celebration, PAMIC will highlight a different time period of our history in each PULSE issue of 2007. The Second Period in PAMIC History includes the years 1928- 1947.

In a PAMIC Report dated 1938, special agent L.G. Wilson of Municipal Mutual Insurance Company of West Virginia, spoke at the 1938 Convention: "My first impression of insurance was gained when I was a youth studying in my McGuffey Reader. 'An exhausted family attempted to cross a swollen stream when their wagon capsized, and all was lost. The body of their drowned horse lay on the bank of the stream and the distressed father, mother and children were standing on the bank in the gray dawn, a sorry, shivering lot. A few neighbors and other travelers had gathered and were extending their sympathy, it would appear, when a roughly dressed pioneer, with pants tucked in boots waved a \$5.00 bill and said, 'Here is the amount of my sympathy, what is the amount of yours?' A collection was quickly taken and given to the sad losers and thus the loss of the few was covered by the contributions of the many.

Insurance is just that simple. The payments of the many reimbursing for the losses of the few." And so it is today.

2007 PAMIC Upcoming EVENTS

Claims Summit

April 11 & 12, 2007

The Eden Resort Inn
Lancaster

Financial Management Roundtable

April 17, 2007

Goodville Mutual Casualty Company
New Holland, PA

Congressional Contact Program

April 23 & 24, 2007

Washington, DC

Human Resources Roundtable

May 3, 2007

Harrisburg/ Hershey Holiday Inn
Grantville, PA

API 28 Personal Insurance: Underwriting & Marketing Practices

June 6-8, 2007

Brown Schultz Sheridan & Fritz
Camp Hill, PA

NAMIC/PAMIC Ag Risk

Inspection School

May 22, 23 & 24, 2007

Eden Resort
Lancaster, PA

PAMIC Annual Convention

August 5, 6 & 7, 2007

Rocky Gap Resort
Cumberland, Maryland



Member News

Welcome, Welcome, Welcome!

Please join the PAMIC Staff in sending a very warm welcome to PAMIC's two newest members:

Crosswhite, Limbrick & Sinclair, LLP and Grinnell Mutual Reinsurance Company.

Crosswhite, Limbrick & Sinclair, LLP is an "AV" rated civil litigation firm that focuses the vast majority of its practice on tort, commercial, and insurance defense litigation (Martindale-Hubbell's "AV" rating is the highest possible rating.) They are also experts in the evaluation of insurance coverage issues and regularly handle coverage litigation in state and federal courts.

They endeavor to provide higher quality and more economically-driven legal services to clients by creating a smaller law firm that was specifically targeted to the specialized needs of insurance carriers. They offer their clients the skill and sophistication of a large law firm with the flexibility and responsiveness of a small specialty law firm.

The law firm has handled everything from simple automobile accident cases to cases involving catastrophic fatalities and mass torts. They pride themselves on the breadth of their experience and success in favorably resolving cases.

Grinnell Mutual Reinsurance Company

Grinnell Mutual Reinsurance Company is the largest primary reinsurer of farm mutuals and agricultural property in North America.

Located in Grinnell, Iowa, the Grinnell Mutual Reinsurance Company has been in business since 1909 and currently employs more than 700.

Grinnell Mutual reinsures 293 mutuals in 10 Midwestern states, and in addition, offers personal and commercial direct lines products to more than 1,700 agents affiliated with these member farm mutuals.

A leader in the property/casualty insurance industry, Grinnell Mutual has received national recognition from the Ward's 50 Benchmark Group for four consecutive years. In addition, the company has earned A.M. Best's coveted "A" rating. According to last year's annual earnings statement, the Grinnell Mutual Group reported \$314 million in total premium revenue, with a net income of \$23 million and a surplus of \$287 million.



From Goodville Mutual Casualty Company

Goodville Mutual is honoring retiring board director, **John R. Buckwalter** of Lititz, PA. Mr. Buckwalter has served as a director of Goodville Mutual Casualty Company for 23 years. He was honored by **Herman D. Bontrager**, President of Goodville Mutual Casualty Company at the company's 81st Annual Meeting held on February 27th, 2007, in New Holland, PA.

Goodville Board Chairman **Carlton L. Miller** paid tribute to Mr. Buckwalter for his contributions to the company as a director since 1966. Mr. Buckwalter also served as a director on the Mennonite Mutual Insurance Association Board in Intercourse, PA, from 1984 until the company merged with Goodville Mutual in 1996. He worked for over 20 years for Mennonite Mutual Aid and the Mennonite Foundation and in retirement works for Landis Homes as a director of gift planning.

Goodville Mutual provides personal, farm, small business and church insurance via select independent agencies in PA and 8 other states. Goodville maintains an A.M. Best's rating of A. (Excellent)

We want to hear from you! The PAMIC Pulse is published to serve your needs. We publish the member news we receive from you. We use articles written by members or just news of your company's business.

Send your information to us :

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PAMIC's 100th Annual Convention!

