



PULSE

The Pennsylvania Association of Mutual Insurance Companies

November/December 2004

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FROM THE PRESIDENT

Our national association, NAMIC, held its annual convention on September 19 – 22 in Washington, DC. Because it was relatively nearby this year, there were a lot of PAMIC members in attendance. Important matters concerning the future of our industry were discussed. That is always the case at these conventions. But a highlight of the convention for all PAMIC members, regardless of whether they were able to be present or not, had to be the conferral of the NAMIC Chairman's Award on Henry H. Gibbel of Lititz Mutual. This is the highest honor that NAMIC can bestow on an individual. Henry has served his company and his industry faithfully over the years. He has served as Chairman of both PAMIC and NAMIC at different times. He was PAMIC's Secretary-Treasurer for many years. This association activity means that the entire membership has had abundant opportunity to meet and work with him over the years. Those who know him have known his outstanding contribution to the industry he loves. Congratulations to Henry H. Gibbel on receiving our industry's highest recognition.

This is a time of transition for PAMIC. As I am sure you all know, our long-time Director of Meetings/Convention, Kelly Zellers is expecting to give birth to a boy on November 9 (more or less). Kelly informed me of her decision to stay home after the birth of her first child rather than returning to PAMIC. It's hard to believe that Kelly just joined us in 2001. In those three short years, she has contributed immeasurably to the

success of our educational activity, our meetings, and our outstanding convention. But we honor Kelly for the decision she has made to put family first. There is some good news for PAMIC in this as well. Kelly will be willing to continue some projects for PAMIC on an as needed basis as well as doing work that can be done from the home. We look forward to making some mutually satisfactory arrangements.

I would like to add a short note to members about the importance of grassroots lobbying efforts and member responses to our action calls. The major strength of PAMIC's government affairs activity over the years has been its unparalleled grassroots coverage, what with companies headquartered all over the Commonwealth. Since I came to PAMIC we have strived to enhance that in several ways. First, we began a legislative day in Harrisburg every year. After that was launched and successful, we began setting up individual appointments with legislators for members who came to town for that event. That has grown tremendously over the past couple of years. And then, through the year we meet with individual legislators in their Harrisburg offices accompanied by PAMIC members who are constituents. Another thing PAMIC does from time to time is ask you to write your senator or representative when particularly important issues come up. I know that several of you have responded to these action calls in the past and I thank you for that. But I am sure that there are more of you who



have responded to action calls and have not let the PAMIC office know about it. We ask you to send us copies of all your written communications to your senator or representative. We have asked for that in the past with each action call and we will continue to do so. But this is a blanket request to underscore the importance of doing that. We use those letters in Harrisburg. We carry our copy of the letter to our own meetings with your legislator on an insurance issue. This is important to remind the legislator that he has people back home who have raised the issue. So even if you are unable to go with me to a face-to-face with your legislator, a copy of your letter lets me know he has been contacted and helps me remind him of that important fact.

Finally, we are approaching the holiday season, and I wish you all a joyous and blessed time.

Steven C. Elliott





BY RANDY F. SHAW



Randy F. Shaw
President/CEO
Everett Cash Mutual
Insurance Company
2004-05 PAMIC Chairman

I am consistently impressed by the efforts of the committee members and chairpersons that make up the essence of PAMIC. While our society tends to de-emphasize the important role of serving, there really is no greater calling. When someone makes a commitment and most importantly keeps that commitment, he or she signals that others can trust that their actions will follow their words. Having recently seen the efforts of the Financial Management Committee led by David Gerth at ARI Mutual this year and Dave Doroski of the Philanthropic last year, along with Terry Evert of Harleysville leading the Education Committee, I want to express my appreciation for the consistent work that is being done to enhance PAMIC's education and networking efforts. I am sure that most members of the various committees realize the valuable lesson that by giving, we always get more in return. It is like the adage that states "if you want to really learn something, teach it". By involving yourself, you move from the stands to the playing field, which is where the fun really is.

One of the consistent challenges that I face is trying to figure out what really is important. The urgent tasks typically suck the time barrel dry, leaving little time for the important tasks. But I find that when I can focus more attention on the important items like planning, developing, and relationship building, the urgent items diminish.

Figuring out what is important to the PAMIC association continues to be an exciting adventure. It is neat to see what

each of us hold dear relating to the association's value. The struggle that we face is figuring out what should be changed and what should stay the same. We are attempting to enhance and energize PAMIC's educational offering to differentiate the association. Another issue that needs to be debated is our membership restrictions. As the CEO of a small mutual, I value the association and its emphasis on



"They are tackling traditional assumptions that involve a degree of risk, but also provide an opportunity for return. "

mutual companies. But I also know that the mutual form of capitalization is not experiencing growth in terms of new mutuals being formed. When ECM decided to form another company to write automobile insurance to support its farm business, it chose to form a stock company. And ECM is not the first nor the only PAMIC member to make this decision. While it is critical to preserve the shared values and ideals of the association, it is also necessary to not set rules that eventually cause the collapse of the very thing that the rules are trying to preserve.

In the long run, I believe that we ultimately get what we deserve. I also believe that PAMIC has within its current membership, the best people of the insurance industry. Just look at

the good decisions that many of our members are making to enhance their future success, such as Penn National, Briar Creek, Donegal, and Tuscarora Wayne to name a few. They are tackling traditional assumptions that involve a degree of risk, but also provide an opportunity for return. PAMIC must travel a similar path if it is to continue as a leader in the insurance association realm. Together, we can achieve greatness if we are willing to invest in the necessary efforts that are truly important. That is the only way to influence that what we get is what we deserve, and what we want.



BY STEVEN C. ELLIOTT, J.D., CPCU, CLU

Over the years PAMIC has earned a justified reputation as the voice of the mutual property/casualty industry in Pennsylvania. The prime reason for this success has been PAMIC's strong grassroots support.

But in addition to the activism and citizenship displayed by our members in talking, writing, and volunteering for their chosen state senator and representative, PAMIC members and like-minded friends have an additional tool – PAMIC PAC.

PAMIC PAC is independent of, although sponsored by, PAMIC and relies on individual contributions. PAMIC dues and company contributions, by law, cannot be used for PAMIC PAC.

Why contribute to an insurance industry PAC? Surely regular voting in all primary and general elections is enough. Perhaps that is the case in some walks of life but, as we all know, our industry is heavily regulated by state government through the Insurance Department. And because insurance is so important to every citizen, state legislatures take an active and continuing interest in insurance – in our business. Political affairs is our business because insurance is seen to be the public's business. Here are some of the more important reasons why insurance people should contribute to PAMIC PAC.

1. Pooled political contributions have more impact. Studies have shown that most individuals give political contributions of less than \$100. A \$25.00 contribution made individually to a single politician's finance committee is

likely not to be noticed. Several such contributions pooled together and made as a PAC contribution will be noticed.

2. PAC contributions make it clear where you stand on an issue. That's not necessarily the case with individual contributions. Usually, a politician cannot tell what any particular personal contribution means in terms of specific issues. But if the contribution comes from an identifiable PAC with an identifiable set of issues, such as PAMIC PAC and insurance issues, the senator or representative has a clear picture of the interests and concerns involved. That helps build accountability.

3. Conversely, PAMIC PAC can make contributions to people you do not want to directly contribute to – people who take positions you oppose, but who are right on target on insurance issues. PAMIC PAC is focused entirely and exclusively on insurance business issues. Thus, the contributions are more like business investments. Senators or representatives who vote correctly on insurance issues sometimes take other positions on unrelated issues so that you would not want to personally support them with a direct contribution. You can make personal direct contributions based on the big picture while remaining confident that your PAC is acting with one target in mind – the best interest of the mutual property/casualty insurance industry.

4. PAMIC PAC contributions spread your influence. It is a rare voter, even an alert and informed one such as an insurance person usually is, who makes a contribution to a race outside his or her own district;

to a race where he or she cannot even vote. PAMIC PAC is your eyes and ears, identifying people outside your own district who consistently and fairly support the industry and who are worthy of support by insurance people.

5. Finally, PAMIC PAC complements the strong grassroots effort for which PAMIC has always been justly known. PAMIC member grassroots contact is vital and must continue. But campaign contributions are also important in all districts, and crucial in many. It's important to understand why. PAMIC has a membership spread all across the Commonwealth of Pennsylvania. But the distribution of membership is uneven. It can happen that key leadership positions in the House and Senate are held by people from districts where we have few or no members. In fact, that is the case with the legislature today. Due to population patterns in the Commonwealth and the often rural location of many of our members, this state of affairs is likely to continue. But a small town member need not be at the mercy of outside forces just because of that. Using both grassroots contacts and PAMIC PAC contributions, our mutual industry can maintain and enhance the favorable, competitive climate we all need.

I hope that, after carefully considering points such as these, you will decide you need to make your own personal contribution to PAMIC PAC. It's an investment in the future of your industry.

**PAMIC PAC
CONTRIBUTION
FORMS ARE
AVAILABLE BY
CONTACTING THE
PAMIC OFFICE
(717) 303-0197
OR
SBYLOTAS@PAMIC.
ORG**



PENN MILLERS PROMOTES JONATHAN C. COUCH TO ASSISTANT VICE PRESIDENT

Penn Millers Insurance Company has recently promoted Jonathan C. Couch to Assistant Vice President.

Couch joined Penn Millers in 2002 as Controller. A graduate of Lafayette College, he holds a MBA from the University of Connecticut.

He is a Clarks Summit resident.

WILLIAM A. DINE, SR. PROMOTED TO ASSISTANT VICE PRESIDENT

Penn Millers Insurance Company has promoted William A. Dine, Sr. to Assistant Vice President. He is responsible for Penn Millers' General Business Unit.

Mr. Dine joined the company in 2000 as Assistant Manager, Marketing. A graduate of Georgia Southern University, he resides in Clarks Green.

SAUCON MUTUAL INSURANCE COMPANY ANNOUNCES NEW DIRECTORS

Bethlehem, PA – October 11, 2004 – Saucon Mutual Insurance Company, a Lehigh Valley based insurer, announced the addition of two new directors to its Board of Directors.

Brian T. Regan, CPA comes to Saucon Mutual with over 20 years of accounting, financial and administrative management experience.

He has experience in structuring, negotiating and

executing merger and acquisition transitions and the development of strategic plans. He is a partner in the accounting firm of Regan, Searles & Company. He earned his bachelor's degree in accounting from the University of Scranton.

He is a member of the AICPA and PICPA and a Board Member of the following organizations: Northampton County Meals on Wheels, Estate Planning Council of the Lehigh Valley, PICPA Multi-State Tax Committee.

In addition to his professional activities, Brian is a member of the Bethlehem Rotary Club, Treasurer of the University of Scranton Alumni Society, member of the Executive Committee of the Friendly Sons of St. Patrick and on the Finance Council of the Assumption BVM Church.

His family includes wife, Lynn and children, Kevin, Kerry and Shawn.

Richard E. Santee, Jr. comes to Saucon Mutual with more than 28 years of experience in the legal profession. His clients include various insurance companies and non-profit organizations. He is a partner in the Bethlehem law firm of Shay, Santee & Kelhart. Mr. Santee is a magna cum laude graduate of Hofstra University, with a degree in political science. He earned a juris doctor degree from the University of Virginia School of Law.

Mr. Santee has bar admission and professional memberships in the following: Pennsylvania Supreme Court and all Pennsylvania Courts, US District

Court for the Eastern District of Pennsylvania, US Court of Appeal for the Third Circuit, the US Supreme Court, the Northampton County, Pennsylvania and American Bar Associations.

In addition his professional activities, Richard is active in the community and participates in following organizations: Bethlehem Morningstar Rotary Club, Moravian Church—Province, Moravian Bookshop Board, Inc, and various youth sports leagues.

He lives in Hanover Township with his wife, Mollie and children, Richard, Madeline, Katherine and Thomas.



JULIA M. RAFFERTY, ESQ. ELECTED TO PROFESSIONAL WOMEN'S ROUNDTABLE BOARD OF DIRECTORS

Julia M. Rafferty, Esquire, of the regional defense litigation firm of Marshall, Dennehey, Warner, Coleman & Goggin, was elected to the Board of Directors of the Professional Women's Roundtable. Ms. Rafferty is the co-chair of the Sponsorship Committee for PWR. PWR is a networking organization for professional women with five to fifteen years experience in their chosen field.

Affiliation Desired.

A small western Pennsylvania non-assessable mutual property and casualty insurance company is seeking an affiliation coupled with a contribution to policyholder surplus. Company has approximately \$2.5 million direct written premium in personal lines (primarily homeowners) 6,500 members and an agency force of 60 located in Central and Western, Pa. Minimum statutory surplus is 950,000. Company is only licensed in Pennsylvania. Objectives: stabilize the company's financial position, perpetuate the company, and continue servicing its existing policyholders. Company will consider reasonable alternatives to affiliation that are structured to achieve its stated objectives. Please mail inquiry to : P.O. Box 821, Harrisburg, PA 17108-0821.



Calendar of Events

Thursday, November 25- Friday,

November 26, 2004

Thanksgiving

PAMIC Office Closed

Friday, December 24, 2004

Christmas Eve

PAMIC Office Closed

Friday, December 31, 2004

New Years Eve

PAMIC Office Closed

January 31, 2004 (Tentative)

Mutual Insurance Day Briefing

Location TBA

Harrisburg, PA

February 1, 2004 (Tentative)

Mutual Insurance Day

Capitol Building

Harrisburg, PA

March 9, 2004

Financial Management Roundtable

Small Insurers Caucus Dinner and Meeting

The Nittany Lion Inn

State College, PA

March 10, 2004

Small Company Seminar

The Nittany Lion Inn

State College, PA

A Complete listing of all PAMIC Events and Educational Opportunities can be obtained on our web-site at www.pamic.org . Agenda's and registration material can also be obtained on the PAMIC web-site as they are



Thank You Sponsors...

PAMIC would like to thank the following sponsors for their support of the Executive Roundtable November 3, 2004.

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