

September-October, 2010

PULSE

newsletter

Pennsylvania Association of Mutual Insurance Companies

From the President



ARGUING PAIN AND SUFFERING TO JURY DIES

Arguing pain and suffering damages to the jury is dead for this session. On September 26, Senator John Rafferty (R-Berks, Chester, Montgomery) introduced the amendment to HB 2246 which, among other things, stripped out the language allowing trial lawyers to argue specific dollar amounts of pain and suffering damages to juries. The amended version, with pain and suffering stripped out, passed both houses and was placed on Governor Rendell's desk for signature on October 12. So ends the long battle to stop what the Pennsylvania trial bar touted as its signature piece of legislation for this session. This victory comes after months of intensive lobbying and grassroots efforts involving a wide spectrum of the insurance, business, and industry in Pennsylvania. PAMIC was deeply involved in all this activity as those of you who accompanied me to meet with your senator, who responded so faithfully to PAMIC's action calls, and who put up with me when I called on short notice asking for an emergency phone call to a senator can well attest. This all out effort was PAMIC grassroots lobbying at its best and I thank each and every one of you. Many PAMIC members racked up Grassroots Champion points in the first quarter of our association year!

Defeat of the trial bar's proposal regarding pain and suffering represents a tremendous victory for PAMIC, for the insurance industry as a whole, and for the economic vitality and well-being of the Commonwealth and its citizens. But it is more.

This victory opens the door to revitalized interest in meaningful tort reform in Pennsylvania. It will be the task of PAMIC and its members to not let this opportunity slip through our fingers. This once again spotlights the vital importance of both your PAC donations and your active personal grassroots support to get things done in Harrisburg. Thank you again for your role in this tremendous victory.

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ID STATEMENT

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NOTE: With the exception of official association announcements, the Pennsylvania Association of Mutual Insurance Companies disclaims responsibility for opinions expressed and statements made in the PULSE. This publication is intended and designed to provide accurate and authoritative information, not to provide legal, accounting, or other professional advice or services.

Chairman's Corner



John K. Smith
Pennsylvania
Lumbermens Mutual
Insurance Company's
President & CEO

Ahmy second PULSE article and opportunity to address the membership. I hope you find my comments beneficial and enjoyable. We had our first "roving" Board meeting in Martinsburg, West Virginia earlier this month and I want to thank West Virginia Famers and Mechanics for hosting the PAMIC Board. While we offered to meet with any interested local members before the board meeting to talk about anything on their minds, none, unfortunately, took advantage of the offer. Our next board meeting will be held at Farmers Mutual of McCandless in Wexford, just north of Pittsburgh on December 14th. Once again we will have an "open mic" at 9:00 am, one hour before the meeting to allow any local members to address the board on any issues they would like. Please feel free to take advantage of this opportunity.

The numbers are finally in from the Greenbrier convention and I am delighted to inform you that we exceed slightly our financial goals for that event. Congratulations to the Convention Committee and PAMIC staff that worked so hard at putting the event together. We have also heard the feedback from the convention, both positive and negative and will pass that information along to this year's committee for consideration accordingly. We very much appreciate all those that took time to complete the survey.

Well, 60 days has transpired since my call to action, and I ponder what YOU might have done to respond to it. Have you re-dedicated yourself to continuing education, taken time to speak to a young adult about the benefits of our industry, or reinvigorated your company's continuing education program? We did an informal update of your board members at the last meeting and it was gratifying to hear some of the actions that some have taken.

The PAMIC PAC trustees have also recently met and I would call your attention to our PAC chair's article in this edition of the PULSE. With a goal of doubling our PAC to \$25,000 and increasing substantially the PAC administrative fund, the PAC trustees have their work cut out for themselves. Political action is not about simply raising money; it's about being involved, each and every one of us, locally within our communities, at the state level and of course at the federal level. This next year you will have the opportunity to join your fellow PAMIC members in both Harrisburg and Washington. I urge you to make these trips as a demonstration of strength that our organization can bring to bear in the political arena. Our actions, when combined with our ability to financially support candidates that support us, will assist us in making sure our voice is heard.

In closing, please note the dates of our upcoming seminars, and ask yourself who in your organization might benefit by attending, and then make sure you send them.

Finally, the PULSE is your magazine, so why not take a moment and contribute something to it. I for one am interested in hearing what you have to say.

Farmers & Mechanics Mutual Insurance Company of WV

On the 18th day of December 1877, thirty-five men agreed to become a corporation by the name of “Farmers & Mechanics Mutual Fire Insurance Company of West Virginia.” We are the oldest Domestic Mutual Fire Insurance Company in the state. The Company has been governed by a Board of Directors since our organization in 1877. The directors met in various places including Dr. Chamberlin’s office, Shenandoah Hotel Building on the corner of Queen and Martin Streets, and the Appleby Building on 127 W. Burke Street, until 1971, when they moved to their own new office quarters at 109 South College Street, Martinsburg, WV.

As a mutual company, we do not have stockholders, but policyholders, who officially own the company. Farmers & Mechanics is a Property and Casualty Company represented by over 450 licensed agents with over 144 independent agencies throughout the state of West Virginia. We provide Homeowner, Mobile Homeowner, Dwelling Fire, Farm Fire, Farmowners, Businessowners, Commercial Fire and Commercial Package Coverages. We are the 7th largest Homeowner carrier and the 3rd largest Farmowner carrier in the state.

The first policy was issued on March 5, 1878 insuring H. N. Deatrick for \$2,000.00 on Dry Goods and Notions. In 1920 Assets were less than \$28,000 and the policy limit was \$3,000. In 1940 Assets were over \$115,000. Their office was located in the Shenandoah Hotel Building on the corner of Queen and Martin Streets. 1941 was the adoption of Constitution and By-Laws recommended by the State Insurance Commissioner and in 1942, F&M became a member of NAMIC (National Association of Mutual Insurance Companies). Farmers and Mechanics moved from the Shenandoah Hotel Building to the Appleby Building located at 127 W. Burke Street in 1957, and in 1971 moved their office to 109 South College Street, Martinsburg. F&M outgrew their facility on College Street and on December 9, 1994 moved to a beautiful 3-story brick building at 1447 Edwin Miller Blvd., Martinsburg, WV.

In 1977 Farmers & Mechanics celebrated 100 years of service to West Virginia policyholders. At that time, Mr. J. Hugh Shipper, who was also Clerk of the Circuit Court of Berkeley County, was serving as the President of the Board of Directors and had been a board member since 1956. Mr. Donald L. Sperow, Sr. was the Secretary-Manager and had been with the Company since 1969. Mr. Sperow created one of the first Farmowner Insurance Programs written by a domestic insurance company in West Virginia. He served as Assistant Manager, Manager and was elected as a Board Member in 1988. Mr. Sperow was promoted to President/CEO in 1990 and became the Chairman of the Board in 1993. Because of Mr. Sperow’s hard work, dedication and his thirty-three years of outstanding service to the company, the Board of Directors honored him on April 26, 2002 by naming the Company’s Headquarters the “Donald L. Sperow, Sr. Building.” On November 5, 2002, Farmers & Mechanics lost a great leader and mentor. Mr. Sperow passed away after a long battle with pancreatic cancer.

On April 24, 2003 the Board of Directors hired E. Dennis McCormick as the President/CEO of the Company. Mr. McCormick has an extensive insurance background, including an in-depth knowledge of the West Virginia insurance environment. Prior to joining F&M, he spent 31 years with Kemper and its successor, Shelby Insurance Companies where his area of responsibility have included management of property and casualty underwriting and marketing operations. He holds the Chartered Property Casualty Underwriter Designation and is a licensed P&C agent.

As of September 30, 2010 Farmers & Mechanics had a total surplus of \$28.6 million \$43.4 million assets with combined Ratio of 82.8% and a direct written premium of \$19,429,323. Their AM Best Rating is A- Excellent.



Thank you to Farmers & Mechanics Mutual Insurance Company of WV for hosting the First Quarter Board Meeting

PAMIC PAC & The Administrative Fund

Why We All Need To Participate, Submitted By Michael Yeager

My message today is the importance of financially supporting the PAMIC PAC fund with individual personal dollars and the PAMIC Administrative fund with corporate dollars. PAMIC PAC is a non-profit political action committee which provides PAMIC members the ability to pool their individual personal political contributions in support of Pennsylvania legislative candidates who share our positions on insurance regulation and are likely to promote a positive business environment for our mutual industry. PAMIC PAC is independent of any political party, candidate or organization.

Why is it important for the PAMIC membership to financially support the PAMIC PAC? As PAMIC members, we all have expectations of President Steve Elliott as it relates to the delivery of our unique message to the elected officials in Harrisburg. A financially sound PAC allows Steve to get through the front door with our Legislators in Harrisburg as well as the opportunity of attending a variety of their fund raising events. The days of legislative access without meaningful contributions to individual campaigns are long gone. Without access, our message cannot be heard. Simply put, if our message is not heard throughout the legislative offices in Harrisburg, consistently, at every opportunity we have, then someone else's will be, and their message is probably very different from ours. It is incumbent on all PAMIC members to financially support this PAC fund with your personal dollars to enable our mutual message to be heard. Chairman Smith has established a goal of \$25,000 to be raised prior to June 30, 2011. I implore each PAMIC Company executive and Company board member to contribute your 2010/2011 annual PAC donation today.

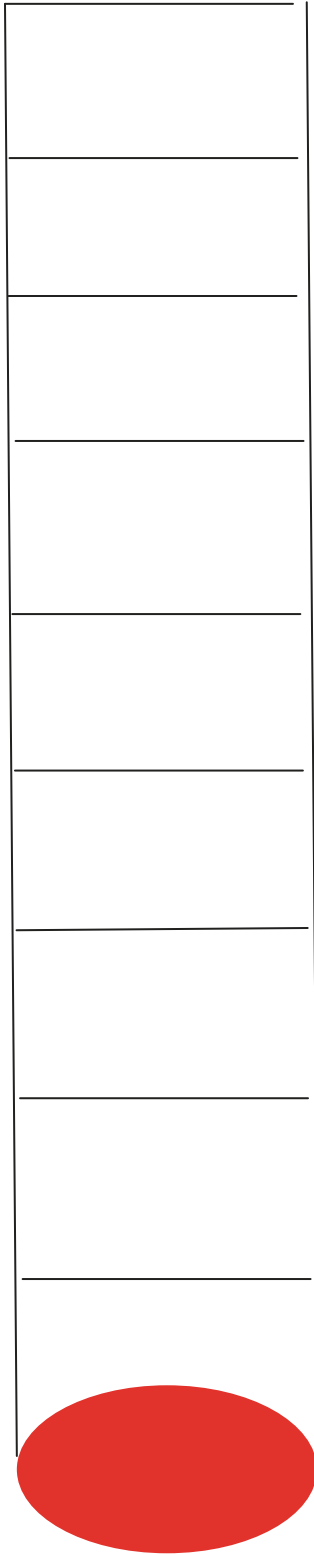
The PAMIC Administrative Fund is used to pay the costs of administering the PAMIC PAC. None of the funds contained in the Administrative account can be given to candidates in any form. The importance of this fund is it allows all of the personal dollars accumulated in the PAC to go directly to candidates without any expense factor. Every dollar raised by the PAC can be contributed to candidates because all expenses of the PAC can be paid by the Administrative Fund. Whether the Administrative Fund is helping to defray the expense of hosting the cocktail reception prior to Mutual Insurance Day in February or the administrative and overhead costs that every PAC incurs, the Administrative Fund allows the PAMIC PAC to focus its dollars on candidate contributions. The PAMIC Administrative Fund is supported by corporate dollars. I encourage and request every PAMIC company to make an annual donation toward this endeavor.

As Chairman of the PAMIC PAC, I intend to communicate these requests for participation messages at all PAMIC functions throughout the year. My intent is to inform the membership as to individual company participation as it regards the Administrative Fund, as well as the progress to attainment of our \$25,000 goal for personal contributions to the PAC. As one of PAMIC'S smallest member companies, I understand the importance of participation in both of these programs as do my Company Directors. I respectfully request all member companies to participate in both endeavors. The message is the amounts of the contributions are not nearly as important as the continuation of the annual contributions by all members to both funds.

Administrative Fund vs. PAC

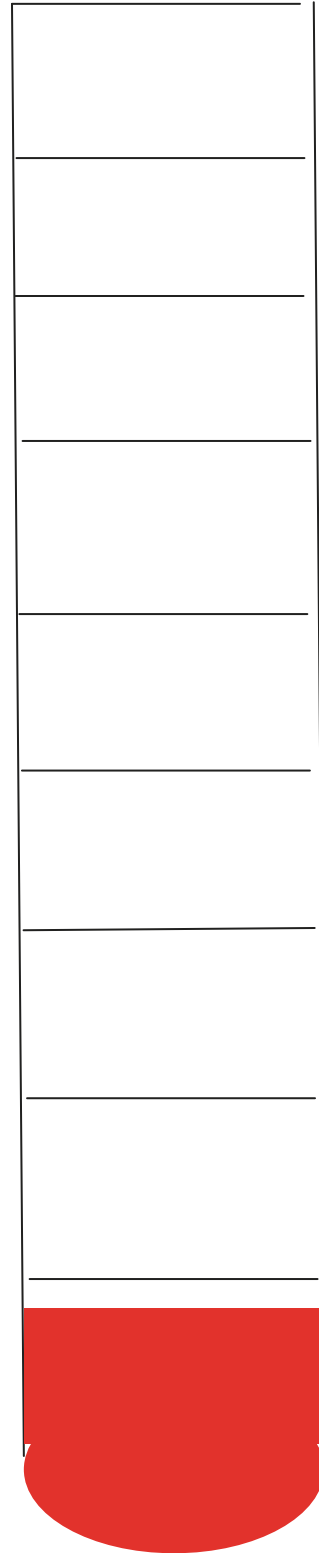
How Your Donations Are Measuring Up

\$25,000!!!!



\$0

PAC Administrative Fund



\$2,376

PAMIC PAC

Market Analysis-- September Series Insurance Department Seminar

On October 16, 2010, the Pennsylvania Insurance Department held the second of a series of recent educational sessions aimed at educating and assisting property and casualty industry members in their operational compliance efforts. PAMIC co-sponsored this program entitled "Market Analysis-- September Series" and was given special thanks by Ron Gallagher, Deputy Commissioner of Market Regulation, for PAMIC's support and participation. He underscored the importance of these programs in the overall success of companies doing business within the Commonwealth, and PAMIC's recognition of the same by offering its support. Over 56 carriers, legislative staff from both the House and Senate, as well as representatives from six law firms and two trade groups, attended the program. In addition to our President, many PAMIC members from across the state joined the Department including, but not limited to, Farmers of McCandless Township, Tuscarora Wayne, Penn National Insurance, Mutual Benefit Insurance Company, Hannahstown Mutual, Friends Cove Mutual, Montour Mutual, Windsor/Mt. Joy, Conemaugh Valley Mutual, and Briar Creek Mutual. This was a worthwhile endeavor for PAMIC and PAMIC members, not only for its sponsorship partnership, but it also provided a great opportunity to interact with the regulators and engage in Q&A on a variety of hot topics important to the industry.

Deputy Commissioner Gallagher provided a brief overview of the new structure of the Insurance Department before launching into an overview of the PA P&C insurance market. Gallagher pointed out that PA has the 5th largest insurance market in the US and the 12th largest market in the world consisting of 282 Domestic carriers and 1,869 licensed carrier doing business in State. Gallagher provided market share and complaint index information, as well as detailed NAIC and PA complaint data, which he substantiated is, and will continue to be, a significant factor in the Market Regulation Committee's determination of regulatory action. Noting that there are several levels of appropriate analysis before the Department takes any market conduct action, Gallagher confirmed that the number of Examination Division projects have increased, yet the number of market conduct exams have decreased over the past several years.

The Department's primary method to determine the appropriate level of review is through its baseline analysis utilizing a Market Analysis Prioritization Tool (MAPT), noted Jeff Arnold, Market Analysis Director. In a Level 1 review, the Department gathers individual company data from the NAIC reporting and other sources. Examiners consider certain activity such as large changes in premium, claim staff, or reserves, as well as other operational benchmarks in its review. This data is often used to calculate various ratios, which in conjunction with MCAS data, are compiled and presented to the Market Regulation Committee to determine what action, if any, is to be taken against the Company.

Cindy Fillman, Director of Bureau of Market Analysis and Education, educated the audience on recent Department educational initiatives, and Chris Monahan, Bureau of Market Conduct, closed the morning session by noting that nine lines and 1,283 companies were analyzed using the baseline analysis from 2008 data. From those results, 48 market conduct exams were closed during the last year resulting in \$1,063,112 in fines and \$1,119,350 in restitution to PA consumers.

The afternoon session included a workshop where participants were invited to "Walk in the Regulator's Shoes" by engaging in a simulated market regulation committee session, and concluded with a roundtable discussion with the Deputy Commissioners.

Materials from the session can be found on the PA Insurance Department website at http://www.portal.state.pa.us/portal/server.pt/community/industry_activity/9276/market_analysis_september_series/725545 where PAMIC's sponsorship of this valuable session is duly noted.

*Submitted by Lisa Katterman, Penn National Insurance

Member News

HARLEYSVILLE INSURANCE RECOGNIZED BY APPLIED SYSTEMS AND ITS AGENT MEMBER NETWORK FOR EFFORTS TO ENHANCE EASE OF DOING BUSINESS

HARLEYSVILLE, PA—OCTOBER 13, 2010—Harleysville Insurance recently received a 2010 “Personal Lines Interface Leadership Award” from Applied Systems in recognition of the company’s efforts to advance insurance automation. In addition, the Applied Systems Client Network, which is comprised of independent insurance agents, recognized Harleysville for the steps the company has taken to adopt real time transaction processing and for its support of the industry’s real time/download efforts.

“At Harleysville Insurance, we recognize the importance the Real Time industry initiative plays in our efforts to make it easier for our agents to do business with us. Deployment of real time upload capabilities will enable carriers to better integrate their technology with the major agency management systems that support our independent agency partners,” commented Michael L. Browne, Harleysville’s president and chief executive officer. “We’re pleased that we’ve again been recognized for the efforts of our talented professionals, as well as the course we’ve taken to implement innovative technology that will best serve our employees, agents and policyholders.”

“Each year, agencies and carriers are able to complete more transactions efficiently in less time because of the dedication of companies such as Harleysville,” said Doug Johnston, vice president of partner relations and product innovations at Applied Systems. “Our industry continues to benefit from the innovation of our carrier partners.” Harleysville was recognized during a ceremony at 2010 TENCon, the Technology, Education and Networking Conference in Chicago, hosted by ASCnet, the Applied Systems Client Network.

Harleysville Insurance is a leading super-regional provider of insurance products and services for small and mid-sized businesses, as well as for individuals, and ranks among the top 70 U.S. property/casualty insurance groups based on net written premiums. As a Trusted Choice® company partner, Harleysville distributes its products exclusively through a network of independent agents primarily across 32 states. Harleysville is ranked #21 in the most recent *InformationWeek* 500, the publication’s annual listing of the most innovative information technology organizations in the U.S., and has been included on the list in each of the last four years. Harleysville Mutual Insurance Company owns approximately 53 percent of Harleysville Group Inc. (NASDAQ: HGIC), a publicly traded holding company for eight regional property/casualty insurance companies collectively rated A (Excellent) by A.M. Best Company. Harleysville Group is listed on the NASDAQ Global Select Market, which is comprised of the top third of all NASDAQ member companies and has the highest initial listing standards of any exchange in the world based on financial and liquidity requirements. Further information can be found on the company’s website at www.harleysvillegroup.com.

Applied Systems Inc. develops, sells and supports insurance agency and broker management systems, and provides services for accounting, customer, policy, claims management, and all related agent and broker functions. More than 130,000 users in 11,000 agencies of every size and complexity level use Applied Systems solutions built around core systems TAM, Epic, Vision and DORIS. In addition, the company leads the industry in agency-carrier real-time and batch communication solutions. Further information can be found on the company’s website at www.appliedsystems.com.

From Kathleen Dalton, Chair of the Education Committee:

The Education Committee is presenting two webinars in the next few weeks. The first, Employment Practices Liability will be presented October 26th and the second, Data Compromise will be presented November 30th.

The Three Day School will be November 15-17 at the Dixon Center in Harrisburg. The event will focus on Claim Handling Principles and Practices.

The committee will also be meeting Oct 28th to begin preparation for the Annual Spring Conference. We will also be discussing future events including the Executive Roundtable, Webinars, and the Insurance School.

Mutual Benefit Named Among 'Best Places to Work'

Mutual Benefit Group, a regional property/casualty insurance company based in Huntingdon, has been named one of the Best Places to Work in PA for 2010. The awards program, created in 2000, is one of the first statewide programs of its kind in the country. The program is a public/private partnership between Team Pennsylvania Foundation, the Pennsylvania Department of Community and Economic Development and the *Central Penn Business Journal*.

This survey and awards program was designed to identify, recognize and honor the best places to be employed in Pennsylvania, benefiting the state's economy, its workforce and businesses. In the past, employers were categorized based upon the number of employees they had in Pennsylvania. This year, employers were categorized based upon the total number of employees they have in the United States. This change was made to ensure the proper alignment of organizations and to avoid naming large national employers to the small/medium list simply because they have fewer employees based in Pennsylvania. This change did not have any impact on which organizations made the list, just how they were categorized.

To be considered for participation, companies had to fulfill the following eligibility requirements:

- Have at least 25 employees in Pennsylvania;
- Be a for-profit or not-for-profit business;
- Be a publicly or privately held business;
- Have a facility in Pennsylvania; and
- Be in good standing with Commonwealth agencies under the Governor's jurisdiction.

Companies from across the state entered the two-part process to determine the 100 Best Places to Work in PA. The first part of this process was evaluating each nominated company's workplace policies, practices, philosophies, systems and demographics. This part of the process was worth approximately 25% of the total evaluation. The second part consisted of an employee survey to measure the employee experience. This part of the process was worth approximately 75% of the total evaluation. The combined scores determined the top companies and the final ranking. Best Companies Group managed the overall registration and survey process.

Mutual Benefit will be recognized at the Best Places to Work in PA evening awards ceremony on Tuesday, November 30, 2010, at the Lancaster County Convention Center in Lancaster, PA. Rankings will be revealed at the ceremony. In addition to the public/private partnership, the program is supported by the following organizations: Lead Sponsor—Team Pennsylvania Foundation; Presenting Sponsor—ParenteBeard, LLC; Major Sponsors—Capital BlueCross; E.K. McConkey & Co., Inc.; Penn State, Smeal College of Business; Saul Ewing; and Supporting Sponsor—Arcus.

Mutual Benefit provides insurance coverage for autos, homes, and businesses. The firm employs 196 people and serves more than 95,000 policyholders through a network of 250 independent agents in Pennsylvania and Maryland. Mutual Benefit celebrated its 100th year in business in 2008. It was named among the top two insurance carriers in its region in a 2008 survey conducted by the Insurance Agents and Brokers Service Group.

Two Receive PDI Awards

PDI bestowed two awards at its recent Annual Conference at the Bedford Springs Resort. James K. Thomas, II, Esquire, of the Harrisburg law firm Thomas, Thomas & Hafer received the annual "Distinguished Defense Counsel" award for his lifetime achievement as one of Pennsylvania's most dedicated and distinguished defense counsel.

Robert D. Dodds, Esquire, Vice President, Legal Compliance, with Lititz Mutual Insurance Company in Lititz, Pennsylvania, received the "Distinguished Insurance Claims Executive" award for his work on behalf of the insurance industry in Pennsylvania.

Contributions on the recipients' behalf will be made by PDI to their designated charities. Congratulations Jim and Bob for a job well done!



Member News

Penn National Insurance Wins Best Places To Work Awards: Best in PA, IT and Insurance

HARRISBURG, Pa.--([BUSINESS WIRE](#))--Penn National Insurance has recently earned recognition in three Best Places to Work programs:

“We know of no other property-casualty insurance company that has won all three awards, or that has earned more than one of the awards multiple times, as our company has.”

- 2010 Best Places to Work in Pennsylvania
- 2010 Best Places to Work in IT
- 2010 Best Places to Work in Insurance.

Eleven-time Best Places awards recipient

The company has earned two of the three awards several times before (Best Places to Work in PA, 2009, 2008, and 2001, and the Best Places to Work in IT 2009, 2008, 2007, 2005, 2004). This was the first year the company entered the Best Places to Work in Insurance program.

Spokesperson Christopher Markley, vice president of Corporate Communications, says, “We know of no other property-casualty insurance company that has won all three awards, or that has earned more than one of the awards multiple times, as our company has.”

Executive statement

President and CEO Kenneth Shutts said, “We are pleased that these awards verify our progress in making our company a leading employer of choice. In recent strategic planning sessions we affirmed our commitment to creating a workplace that allows employees to balance their work-life with their personal life. We are consistently achieving strong, profitable corporate performance, thanks to the hard work of our employees. The results of the surveys in these Best Places programs confirm the success of our efforts to create a workplace that allows our employees to effectively balance their working and personal lives. We will continue to incorporate lessons learned from feedback in these programs’ surveys into our corporate plans, to nurture and sustain the positive environment that we have created.”

About Penn National Insurance

Penn National Insurance (www.pennnationalinsurance.com) sells personal and commercial property-casualty insurance in PA, MD, DE, NJ, VA, NC, SC, TN, and AL, through a network of approximately 700 independent agencies. The company wrote \$512 million in premium in 2009, achieved net income of \$29 million, and total assets of \$1.4 billion. The company employs approximately 850 people, between its headquarters operation in Harrisburg, Pennsylvania, and regional underwriting and claims service offices throughout its sales and service territory.

Member News

Eastern & Western Group of Mutual Insurance Companies Annual Meeting

The Fall meeting of the Eastern Group of Mutual Insurance Companies will be held at the Danville Elks, 1240 Montour Blvd, U.S. Route 11, Danville, PA, on Wednesday, November 10, 2010.

Coffee will be served beginning at 9:30 and the meeting will begin at 10:00 a.m. sharp. A Deluxe Lunch Buffet will be served at 12:00. Cost, including lunch is \$10.00 and should be payable to Danville Elks. Questions regarding this meeting should be directed to Bob Gage at Briar Creek Mutual.

The Fall meeting of the Western Pennsylvania Insurance Group will be held at the Rustic Lodge, 2199 Oakland Avenue, Indiana, PA on Thursday, November 11th.

Coffee will be served beginning at 8:30 am, with the meeting beginning promptly at 9:00 am. Lunch will be provided at 12:00 and the meeting will end at 2:00. Registration cost is \$20 and checks should be made out to the Western PA Insurance Group, NOT PAMIC. For registration, you can contact Jessica at PAMIC.

MSO HOUSE OF WORSHIP PROGRAM AVAILABLE IN NEW YORK

Glen Rock, NJ/September 2010 - MSO[®], Inc. (The Mutual Service Office, Inc.) has announced that their House of Worship program has been approved in the state of New York. The MSO House of Worship program is patterned after the popular MSO Businessowners Program. It is a self-contained package, including property and liability coverages in one easy to use form.

Highlights of the program include:

- * Automatic Building Code/Law Coverage.
- * Expanded Building Definition includes building glass, stained glass and permanently installed items usual to a house of worship such as altars, lecterns and pews.
- * Double Coverage Extension for Money & Securities during certain holidays.
- * Extended Definition of Insured includes Volunteer Workers.
- * Coverage options include: Pastoral Counseling Professional, Directors' & Officers', Day Care/Nursery/Preschool Excess Medical Payments and Donated Vehicles.
- * Automatic coverage for Outdoor Statuary/Crosses/Tombstones.

MSO is the oldest continuously operating property/casualty rating service bureau, providing product development and rating services to the insurance industry since 1944. MSO has long been an industry leader, offering programs that are comprehensive and easy to use. MSO will work with companies to customize the program to meet a company's marketing and underwriting requirements.

MSO's plain language programs save companies money by clearly excluding coverage for claims that were never intended to be paid. Consistency of policy language between the programs also makes claims handling easier.

The MSO House of Worship Program is also available in Delaware, Maine, Maryland, New Hampshire, New Jersey, Pennsylvania and Rhode Island. The program will be filed in additional states shortly.

For information on all of the programs and services offered by MSO, call Sue C. Quimby, CPCU at (800) 935-6900 ext. 111. Email: info@msonet.com. MSO, Inc. 139 Harristown Road, Glen Rock, NJ 07452. Visit us on the Internet at www.msonet.com.

Member News

AAIS RELEASES YACHT PROGRAM

Two standardized watercraft programs now available for the cost of one affiliation

Wheaton, Ill., Sept. 10, 2010--Property/casualty insurers now have access to two standardized watercraft coverage programs for the cost of one. The American Association of Insurance Services (AAIS) today released revised forms and new manual rules and loss cost rating information for insuring privately owned yachts and similar craft.

The new AAIS Yacht Program and the existing AAIS Boatowners Program will be available for no additional charge to companies with paid affiliations for use of either of them. Boatowners affiliates will automatically have access to the Yacht Program, and vice versa. Under both of these programs, insurers can write streamlined property and/or liability coverage on eligible watercraft, either as a stand-alone policy or as an endorsement to a personal lines policy.

Features

The Yacht Program is designed to insure craft at least 26 feet long and \$50,000 in value; the Boatowners Program is designed to cover craft that are no more than 30 feet in length and not greater than \$75,000 in value. Both programs allow insurers to insure watercraft for property only, liability only, or property and liability. Under the base forms, property coverage for declared watercraft and trailers is provided on an open perils basis, and extends to newly acquired boats or yachts up to 30 days after acquisition. Liability coverage is provided for bodily injury, property damage, and medical payments. When liability coverage is selected, uninsured boaters coverage is provided to cover bodily injury to passengers of an insured craft caused by another boater who is uninsured for the loss, has exhausted his or her insurance limits, or whose insurer cannot pay because of insolvency.

Each program includes a multistate manual with rules and rating information for 11 navigational territories encompassing all inland and coastal waters of the United States, including those off of Hawaii and Puerto Rico, plus the Canadian areas of the Great Lakes.

Company benefits

"AAIS watercraft programs provide a complete complement of solutions for writing recreational watercraft," says Pam Nykaza, AAIS senior product development specialist for inland marine, and the principal developer of AAIS's current watercraft programs. A single policyholder could own several watercraft that would be appropriately insured under different AAIS-based policies," Nykaza continues. "If a carrier uses AAIS forms, agents and policyholders will see consistency in policy structure, coverages, exclusions, limitations, and other conditions.

"For carriers, a key benefit to using these programs is in the consistency of the manual rules and loss cost rating information," Nykaza adds. "This is especially beneficial to companies writing watercraft as an accommodation for their personal lines accounts."

For information on affiliating with AAIS for use of the Boatowners or Yacht programs, contact Rick Maka at rickm@AAISonline.com, or by calling 800-564-AAIS, ext. 222.

Member News

Panhandle Farmers Mutual Weathers the Storm with BriteCore™

Springfield, MO, August 24, 2010 – Panhandle Farmers Mutual Weathers the Storm with BriteCore™.

On Wednesday August 4th, a terrible storm came through West Virginia, causing a major power outage for the city of Moundsville, home to Panhandle Farmers Mutual Insurance Company. When Art Meadows, the CEO of Panhandle, made it to the office at 4:30 AM, he found all of their servers, printers, and PCs without power. This power outage lasted from Thursday to Friday morning.

Luckily, on July the 1st, Panhandle Farmers Mutual went live on BriteCore, a web-based insurance processing system built by Springfield, MO company IWS. Because BriteCore runs over the Internet, Panhandle's operations went uninterrupted during the power outage. BriteCore wasn't Mr. Meadows first project with IWS. Panhandle had gone live with BriteQuote, a web-based agency quoting and application system back in April of 2008. While the power was out at their building, Panhandle's agents were still doing quotes, submitting applications, and filing claims. "If our phone system would have stayed up, our agents would never have even noticed that we were without power," said Mr. Meadows.

Upon learning about the power outage on Thursday morning, IWS Account Manager Karina Dixon, ordered the printing of all declarations pages, billing statements, and new member packets to IWS's home office in Springfield, MO. "When I found out that IWS was going to handle all of our daily printing and mailing for us, I couldn't believe it," said Mr. Meadows. "It really speaks to their superior customer service." And because BriteCore runs over a secured Internet connection, Mr. Meadows was able to pick up the insured's checks from the mail, and post them to BriteCore from a nearby hotel with Internet access.

BriteCore is a web-based system with a powerful feature-set and an accessible user interface. IWS created BriteCore as a fully-editable processing system with settings capable of adapting to an insurance company's business needs. Additionally, IWS developed BriteCore with the ability to fully integrate with third-party vendors, recognizing the benefit of allowing carriers to easily transfer data from one system to another.

IWS is a web-based software company specializing in solutions for insurance providers. The company was founded with the goal to develop better insurance software. IWS partners with companies across the nation to bring new, more efficient technologies to the industry.

For information on BriteCore or BriteQuote, contact Chris Reynolds, President, Business Development, at 417.851.1289 x306 or chris@iws-web.com.

Member News

MSO ANNOUNCES PARTNERSHIP WITH INTUITIVE WEB SOLUTIONS (IWS)

Glen Rock, NJ/August 2010 - MSO, Inc. is pleased to announce their partnership with Intuitive Web Solutions (IWS). IWS recently introduced BriteCore™, a comprehensive policy administration system for property and casualty insurance carriers. BriteCore is compatible with programs offered by MSO.

BriteCore is a web-based system with a powerful feature-set and an accessible user interface. IWS created BriteCore as a fully-editable processing system with settings capable of adapting to an insurance company's business needs. Additionally, IWS developed BriteCore with the ability to fully integrate with third party vendors, recognizing the benefit of allowing carriers to easily transfer data from one system to another.

MSO member company, Panhandle Farmers Mutual Insurance Company, has led the way during the development and implementation process of BriteCore. Art Meadows, President and CEO of Panhandle sees this as a major technological step forward for his company. "We continue to be impressed with the quality and capability of the product and its developers. Our expectations and wish list have been vastly exceeded."

IWS is a web-based software company specializing in solutions for insurance providers. The company was founded with the goal to develop better insurance software. IWS partners with companies across the nation to bring new, more efficient technologies to the industry.

MSO is the oldest continuously operating property/casualty rating service bureau, providing product development and rating services to the insurance industry since 1944. MSO has long been an industry leader, offering programs that are comprehensive and easy to use. MSO's plain language programs save companies money by clearly excluding coverage for claims that were never intended to be paid. Consistency of policy wording between the programs also makes claims handling easier.

MSO will work with companies to customize the program to meet a company's marketing and underwriting requirements.

Mutual Benefit receives 2010 Applied Systems Interface Partner Award

Huntingdon, PA – Mutual Benefit Group has received the 2010 Interface Partner Award from insurance technology company Applied Systems, recognizing Mutual Benefit's commitment to real-time communication with agencies. Mutual Benefit was cited for interface advancements in download and real-time rating.

"Several years ago, as part of Mutual Benefit's mission to deploy technological solutions that create ease of doing business, we began to invest more heavily in Real Time capabilities," comments Mutual Benefit Chief Information Officer Rick Laabs. "Each year, as guided by our independent agents, we add additional features to our Real Time service offerings. We are pleased to receive this award, as it recognizes our continued efforts to create an efficient means for our independent agents to do business with us. This efficiency in turn benefits our customers by providing quick, high quality service. We also want to thank Applied Systems for their efforts facilitating and furthering Real Time capabilities throughout the industry."

Mutual Benefit received the award during a ceremony in Chicago at 2010 TENCon, the Technology, Education and Networking Conference hosted by ASCnet, the Applied Systems Client Network.

"Each year, agencies and carriers are able to complete more transactions efficiently in less time because of the dedication from companies such as Mutual Benefit," said Doug Johnston, vice president of Partner Relations & Product Innovations at Applied Systems. "Our industry continues to benefit from the innovation of our carrier partners."

PA Insurance Fraud Prevention Authority

Pennsylvania Fraud Stories for 2nd Quarter 2010

(Mechanicsburg, PA—August 2, 2010) - The first half of 2010 saw a 22 percent increase in fraud complaints (referrals) over the first half of 2009, suggesting that Pennsylvania's two-year trend of increased fraud complaints is continuing.

Law enforcement agencies supported by the Pennsylvania Insurance Fraud Prevention Authority (IFPA) received 770 referrals of suspected insurance fraud and insurance related crimes in this quarter, as compared to 686 in the 2nd Quarter of 2009. The first half of 2010 received a total of 1,637 referrals compared to the 1,342 referrals received in the first half of 2009.

Auto insurance continued to be the most common type of complaint reported at 45 percent, followed by workers' compensation insurance at 14 percent, homeowners insurance at 11 percent, and healthcare insurance at 8 percent.

A total of 95 insurance fraud and insurance related arrests were reported in Pennsylvania in the 2nd Quarter of 2010. Reported arrests for crimes involving auto insurance yielded 72 percent, arrests for workers' compensation insurance yielded 6 percent, arrests for healthcare insurance yielded 6 percent, arrests for homeowners' insurance yielded 9 percent, and arrests for life insurance yielded 2 percent.

During the first half of 2010, law enforcement agencies supported by IFPA reported a total of 246 prosecutions closed, with 76 individuals granted Accelerated Rehabilitative Disposition (ARD) of their charges, 168 individuals placed on probation, and 26 individuals sentenced to serve terms of imprisonment.

Those arrested were 19 to 85 years of age, the average being 38-years-old. Males accounted for 64 percent of offenders.

Arrests for the first half of 2010 showed the following four acts as leading crimes related to auto insurance fraud:

- Falsely claiming injury from a motor vehicle accident – 28 percent of arrests.
- Driving without insurance or driving without adequate coverage, having an accident, purchasing insurance or adding coverage, and then falsely claiming that the accident happened after the policy was purchased or coverage added – 18 percent of arrests.
- Falsely claiming the theft of a motor vehicle – 16 percent of arrests.
- Non-resident rate evasion – 8 percent of arrests.

From criminal proceedings, defendants were ordered to pay a total of \$9.5 million in restitution and \$298,721 in fines and penalties.

For full accounts of the lies and deception found during the 2nd Quarter of 2010, go to www.helpstopFRAUD.org and download Pennsylvania Fraud Stories from the Media Center.

Report Insurance Fraud! A listing of law enforcement agencies that fight fraud can be found under "Reporting Insurance Fraud" at www.helpstopFRAUD.org. To report anonymously, consumers can call our tip line at 1-888-565-IFPA (4372).

If you would like to receive even more insurance fraud updates by joining our e-mail list, please e-mail your information to ifpapr@helpstopfraud.org.

PAMIC Education

PAMIC'S UNDERWRITING & LOSS PREVENTION SEMINAR PRESENTS: A Full Day of Marcellus Shale

Mark your calendar now for **Wednesday, November 3rd, in Hershey**. You don't want to miss this. We have elected to hold an entire-day seminar devoted to the Marcellus Shale issue. Presentations will be made by representatives from: The Pennsylvania Department of Environmental Protection, Gas Companies, Law Firms, Insurance Companies, and more!

CLAIM HANDLING PRINCIPLES & PRACTICES

3-Day School - AIC 33

November 15-17, 2010

Dixon University Center ~ Harrisburg, PA

Who should Attend?

In-house claim adjusters, field claim adjusters, insurance litigators, senior customer service representatives, agency principals, and third-party administrators.

PAMIC INFORMATION SYSTEMS SEMINAR

December 8, 2010

*Donegal Training Center ~
Marietta, PA*

PAMIC Webinar: *Data Compromise* - Tuesday, November 30, 2010, 2:00pm

SAVE THE DATE!

PAMIC Annual Spring Conference

March 15-16, 2011

*The Nittany Lion Inn ~
State College, PA*

SAVE THE DATE!

PAMIC Claims Summit

April 5-6, 2011

*Wyndham ~ Gettysburg,
PA*

SAVE THE DATE!

PAMIC's 104th Annual Convention

July 31-August 2, 2011

*Omni Bedford Springs
Resort
Bedford, PA*

Register for these PAMIC events online at www.pamic.org.



PAMIC Calendar

Underwriting & Loss Prevention Educational Session

November 3, 2010

Hershey Country Club ~ Hershey, PA

Claims Handling Principles and Practices (AIC 33)

November 15-17, 2010

Dixon University Center, Harrisburg, PA

Information Systems Roundtable

December 8, 2010

Donegal Mutual Insurance Group

Mutual Insurance Day

February, 2011

PAMIC's 104th Annual Convention

July 31-August 2, 2011

Omni Bedford Springs Resort ~ Bedford, PA

Send us your company news. We would like to include your latest company happenings in our next PULSE. We also appreciate your feed-back. What did you enjoy reading and what would you like to see included in our future magazines?

E-mail or mail your thoughts to us at : pamic@pamic.org ; or to:
1017 Mumma Road, Suite 103, Wormleysburg, PA 17043. Please label: "FOR THE PULSE".