

The Chairman's Corner

by James D. Klauke, CPCU, AIC, RPA

■ **James D. Klauke, CPCU, AIC, RPA,** serves as chairman for the Claims Section Committee and is an executive general adjuster for Crawford Technical Services.

Since last quarter we have had five hurricanes strike land and cause \$20 billion in damages to the people of Florida and Alabama. Adjusters and all sorts of vendors from across the land responded by leaving their families to help those in need repair their homes, businesses, and their lives.

I was sent to Alabama to handle claims of Hurricane Ivan. He was a nasty sort that presented himself on the beach between Alabama and Florida with category-4 winds of 160 mph. Then, as if that was not enough, he turned and struck again as a low-pressure area and dropped rain in copious amounts on top of all the damage from his earlier breath.

I spent about a month working seven days a week, well into the night to help those in need. There are two reasons for doing this type of work. The first is always the desire to help those in need. We all like to think that part of the reason we got into this business is the inherent desire to help those who need help the most. Our second reason is that we hope to profit by the effort.

In the normal course of business I find it interesting that when assigned a single claim, you may be insulted and admonished if you are one day late in responding to the claim. Not to mention the possibility of a lawsuit. Yet in Alabama and Florida, you can show up a month late with no previous contact and be welcomed with open arms.

I had the pleasure of meeting Gary who is a manager of a condominium association.

He was working hard trying to get the place back into shape and coordinating the repair even though most of the time he had no electrical power and some of the time no active plumbing. This went on for some weeks and the time and effort was showing its toll on his energy. I happened to ask how his home weathered the storm. I learned that he was living in a modest hotel because he still could not reach his home due to damage to the county infrastructure. He was undaunted by this and continued to work his job the best way he could. There is a lot of gratification meeting and helping people like Gary.

In the middle of this extra activity, I still had a full workload at home and the CPCU Society's Annual Meeting and Seminars in Los Angeles to attend. There were meetings with the Society for planning on Friday, and an all-day meeting of the Claims Section on Saturday. As you will recall, we also conducted four seminars Monday and Tuesday to encourage the membership to come back to the Annual Meeting.

In Los Angeles we also had our Claims Section lunch for the section members and new designees. This year we had a guest speaker from AON Risk Services in the entertainment business who spoke about insuring movies. We learned of the difficulty of insuring the movies when they have scenes that blow up things, people get shot or dropped from heights, or just ride in vehicles that make spectacular crashes.

The speaker was entertaining and the movies were some of all our favorites such as a popular James Bond film and several of the Harrison Ford movies. He showed the film and then talked about a particular scene and the difficulty in insuring that scene. He talked about the preparation of the stunts and how the carriers that write this business get involved in the pricing. The carriers will also refuse to write certain scenes in movies because of the risk to the star that could shut down a film.

The lunch was an entertaining hour and a half that was enjoyed by all. There were even some "extras" in the audience since we sold 70 tickets for the lunch but found we had 90 people in the room when the curtain came down. It was a fun way to learn something new about insurance.

These two events bring to mind the reasons I like my job as an adjuster. I get to meet people like Gary and do my best to help him recover from disaster. I also have the opportunity to meet people like the AON representative and learn about a fascinating part of my business. These opportunities are made possible by being an active member of the Claims Section and the CPCU Society. Get more active in the Society and you too will find there is more to your job, than your job. ■

"It's not worth getting up in the morning if you can't learn something new by the time you get back in bed at night."

—Bill Binder

Structured Settlements—2004 and Beyond: A Guide for the Claims Professional

by Thomas R. Woodrow

■ **Thomas R. Woodrow** is a partner at Holland & Knight, LLP in Chicago. His specialty is litigation matters, including complex product liability and commercial cases. Woodrow is the Illinois co-editor of the *Product Liability Desk Reference*. He is a member of the American, Illinois State, and Chicago Bar Associations.

Introduction

Twenty years ago, the federal government formally recognized structured settlements as an option for claimants to resolve physical injury litigation without a trial. Since 1999, use of structured settlements has surged more than 50 percent, as claimants have opted for the secure payment streams free from federal and state income taxes. Continuing financial uncertainty provides even more reason for claims professionals to incorporate structured settlements into pre-trial negotiations.

If death and taxes are two inevitable aspects of modern life, then claim professionals and their counsel would doubtless add a third: lawsuits. For us, they are a fact of everyday existence—from gadfly “slip-and-fall” cases to expensive mass torts involving serious injury.

The financial drain from settlements alone can be considerable. Compounding this drain are the internal personnel costs and outside legal fees we must incur before the settlement is reached. Meanwhile, there is that uneasy feeling that any case in the docket could, despite our best efforts, lead to a runaway jury and a massive adverse judgment.

While there's no single solution, the creative use of structured settlements to resolve personal injury cases—especially cases involving catastrophic injuries—is a crucial tool for defendants, including states and local governmental entities, in coping with significant liability issues.

Established by federal statute in 1983, a structured settlement offers a safe, legal way for a physical injury claimant to opt for a secure long-term payment stream, instead of a single lump sum. The law was sponsored by Senator Max Baucus, and was strongly supported by former Senator Robert Dole, who chaired the Senate's Finance Committee at the time and often used that position to support legislation favorable to Americans with disabilities.

Under a structured settlement, a claimant agrees to a series of payments that fund basic living needs, healthcare, lost future income, college costs for children, and other future expenses. The payments can be in varying amounts and incorporate occasional lump sums for specific, identifiable future outlays, such as home purchase, nursing home transfer, or even retirement. This payment stream is worked out by plaintiff and defense counsel teams and their structured settlement broker professionals.

Once both sides agree on a specific payment schedule, the defendant will transfer sufficient funds to a third party (usually a life insurance company) to allow for purchase of an annuity that will fund the claimants' payments. Liability to make the periodic payments is assigned to an affiliate of the life insurance company, and the defendant and its casualty carrier are given a complete release by the claimant, enabling the defendant and its carrier to remove the liability completely from their books. Under federal law, the periodic payments are received tax free by the claimant if they compensate for personal injuries.

Structured settlements work beautifully for all sides in an appropriate personal injury settlement. (See Table 1.) For the claimant, there is guaranteed financial security and the accompanying peace of mind. The claimant need not worry about stock market gyrations, interest rates, or the next Enron scandal. The life companies providing the bulk of the annuity payments constitute some of the most longstanding financial powerhouses

Table 1
**Structured Settlements:
Benefit to the Claimant**

- secure long-term payment stream
- payments completely free from federal and state income taxes
- freedom to focus on recovery and rehabilitation, instead of complex money management
- avoiding expense and risk of jury trial

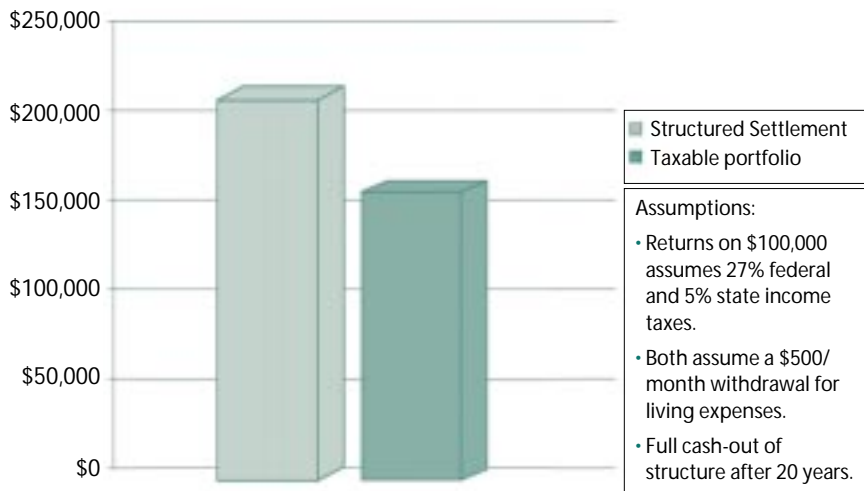
in the world. The payments can be for the remainder of the claimant's lifetime, so he or she does not have to fear outliving the compensation. The payments can be guaranteed for a period of time sufficient to provide for the claimant's spouse and children.

Second, the claimant will benefit from the structured settlement's tax benefits for as long as the payments are made, even if they continue beyond the claimant's anticipated life expectancy. Federal law establishes that the payments are completely free from federal income tax. (Payments are also typically exempt from state income taxes.) By contrast, income derived from investments made after a lump-sum settlement are usually subject to taxation.

This tax-free quality makes structured settlements particularly appealing in states such as New York and California, which have comparatively higher rates of income taxes.

Since a structured settlement is exempt from federal and state income taxes, its net return will almost certainly be more than is realistically possible from post-settlement investments subject to taxation. This should be particularly important for claimants who need support for the rest of their lives and who select a payment stream guaranteed for life. As Figure 1 demonstrates, for a typical middle-income individual or family, a structured settlement can produce a net yield more than a third higher than a comparable taxable yield.

Figure 1
Taxable Portfolio vs. Tax-Free Structured Settlements



Source: The National Structured Settlements Trade Association, www.NSSTA.com

For the claims professional, the structured settlement also has significant advantages. (See Table 2.) First, by raising the subject early in negotiations, it's often easier to focus the negotiation on the claimant's precise needs, rather than an arbitrary demand from the claimant. If the claimant lost a leg, for example, the structure discussions can help both sides begin quantifying specific loss of income and additional specific expenses.

Second, the structured settlement offers an alternative way to avoid a jury trial.

This can be particularly important in cases that involve a truly sympathetic claimant, such as a minor.

Third, having an alternate means to resolve cases inevitably means that some cases settle faster, which cuts down on the defendant's overhead. This can also help reduce ongoing legal fees.

Overall, in 2003, insurers wrote approximately \$6 billion of premium to fund claims through structured settlements, according to The National Structured Settlements Trade Association (NSSTA.com) in Washington, DC.

Table 2
Structured Settlements:
Benefit to the Claims
Professional

- Obtain faster settlement of some cases.
- Once the annuity is assigned, it completely removes liability and responsibility.
- Long-term payment stream helps keep claimant (or dependents) from needing public assistance.
- Avoid expense and risk of jury trial.

Structured Settlements: A How-To Guide

It's Monday morning and you walk into your office. You click on the light and stare at all the paperwork that comprises the 100 or so open cases for which you have responsibility.

For the claims professional who has limited experience with structured settlements, the questions are obvious: How do you identify which cases might be more likely to settle by using a

structured settlement? Who formulates the payment plan? Does this whole process just create more paperwork for you and your already overstressed colleagues?

Let's take the questions in order. Regarding which cases are most likely to benefit from using a structured settlement proposal in the negotiations, the determining factor is relatively straightforward: As potential severity increases, so should your tendency to present the structured settlement option.

Data from a recent Insurance Services Office study indicate that the larger the claimant's settlement, the more likely that a structured settlement will be used in resolving the claim. In settling claims involving losses of \$75,000 to \$99,999, structured settlements were used less than 7 percent of the time. In settling claims involving losses of \$1 million or more, structured settlements were used 29 percent of the time.

Moreover, since the structured settlement industry has grown more than 50 percent since that study—faster than overall tort liability settlements—these percentages have likely increased.

Virtually all casualty companies have computerized their loss reserve projections for open cases. Many claims professionals use this to easily identify all cases with a suffix loss reserve above a given amount—say, \$50,000. Importantly, whatever figure you choose should include loss reserve projections for both medical and indemnity, so that you don't overlook workers compensation cases that can be settled in whole or part in many states using a structured settlement. When reviewing loss reserve projections for workers comp claims, you should include loss reserve projections for both indemnity and medical. But assuming this information is computerized, all it takes is to run an open case computer report.

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Structured Settlements—2004 and Beyond: A Guide for the Claims Professional

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Looking beyond the suffix reserve, a good claims professional will flag the cases most likely to benefit from structures. Typically, these involve any of the following:

- temporary or permanent disability creating future loss or shortened life expectancy
- minors or mentally incompetent individuals
- a claimant with “special” domestic circumstances (such as a potentially abusive spouse)
- wrongful death
- settlement value in excess of policy limits

The next step is to determine the claimant’s realistic future needs. This will include not only basic living and medical needs, but also necessary lump-sum payments—potential wheelchair replacement, a college education (for the claimant or a dependent), and future surgeries.

■ **Projecting future claimant needs is highly specialized work. But it’s also crucial.**

Projecting future claimant needs is highly specialized work. But it’s also crucial. That’s why most defendants bring in an outside broker with experience in tort settlements and tax issues. A structured settlement broker will handle these tasks for you, so your workload should not increase. By providing the broker with relevant medical information, he or she can begin crafting a payment plan that reflects these needs. But they need as much information as possible about the accident and claimant’s condition. (See Table 3.)

In many cases involving serious injury, the claimant’s counsel will provide a life care plan that lays out the needs, done with a cost estimate provided by the life care planner or an economist. In significant cases, the claimant’s counsel also may have his or her own structured

Table 3
Benefits of a Structured Settlement Broker

- tax/claims experience
- reputation/relationships within the legal community
- experience with mediation/alternate dispute/negotiation
- deals with annuity provider directly on your behalf
- handles all paperwork at settlement including the qualified assignment, process settlement agreement, claimant release, and application for the annuity

settlement broker. In this situation, a structured settlement plan and an experienced broker can be particularly helpful for you in demonstrating the advantages to the claimant of annuities over investment vehicles.

It’s usually not a good idea to begin negotiations with the plaintiff attorney until all this work, including the detailed payment plan, is completed. But once you quantify the claimant’s future needs, you can go into a negotiation prepared to demonstrate how the proposed payment schedule compensates the claimant for his or her tangible damages. You stress that the payment schedule is guaranteed to arrive on time and, unlike most other investments, is completely tax-free.

Negotiation: Increase Your Successes

If a claims professional has never worked with a structured settlement and broker before, one inevitable question is whether the broker should be brought into negotiations. Years of claims experience shows that the answer is an unequivocal “yes.” The claims professional will quickly learn that when negotiating a settlement with a structure, he or she is not expected to have the expertise and the broker will relieve the claims professional from any burden related to a structured settlement.

A recent internal report by a property and casualty company showed a 70 percent higher chance of resolving a case with a structured settlement if structured settlement broker attends mediation. First, if the opposing counsel makes a counteroffer that includes a structured settlement and you do not have your broker present, you will be at an immediate disadvantage. Generally, a good broker who has respect from the plaintiff counsel can provide valuable assistance during a mediation.

Unfortunately, the plaintiff (and plaintiff counsel) typically see many claims professionals as the “bad guys.” So anything that helps bridge that “perception gap” is a good thing.

Finally, be aware that your costs will not change by bringing a structured settlement broker into negotiation. Brokers are paid commissions only if the case is resolved with a structured settlement. Upon settlement, the annuity provider pays that commission directly to the broker.

Handling the Settlement

It is rare that a claimant will accept the entire settlement in a structure. The claimant will almost always have medical and other accident-related bills to pay off. The key is to get the total pay-out amount and the facts about security directly in front of the plaintiff. This is especially important for minors and their parents or court-appointed representatives.

Granted, this involves greater detail—and probably more time—than a straight all-cash settlement. But this is a worthy investment if a faster settlement is reached, as documented above. Moreover, if a structured settlement is included in a final agreement, there is typically less time required of the claims professional to finalize the settlement process.

What is crucial for the success of a structured settlement is for the claims professional to assign a broker to a claim early in the process, not waiting for negotiations to begin. A broker can

assist in determining the first and subsequent offer amounts. That's because, once settlement details are reached, it is the responsibility of the structured settlement broker to handle the most time-consuming aspects of the process. That includes sending the confirmation letter to the adjuster, handling the application for the annuity to fund the payments, and helping prepare the claimant's release, and the qualified assignment agreement for the life insurance company to assume the periodic payment obligation.

Once all required documents have been prepared and approved, the claims professional releases the up-front cash, and the documents are executed by the claimant and counsel and the property and casualty company. The claims professional just reviews and signs the documents, after which the cash is released.

Accidental injuries, wrongful deaths, workers compensation claims—these cases, and the lawsuits that often spring from them, are facts of life. They consume increasing time and resources, which is why claims professionals should take a fresh look at structured settlements. These aren't magic bullets, but experience shows that by focusing both sides on actual damages and claimant needs, even the toughest cases can move toward a fair settlement. ■

Congratulations to the Claims Section

**for being recognized with the
Gold Level Circle of Excellence Recognition Award!**



■ **James D. Klauke, CPCU, AIC, RPA**, (second from right) accepts the Circle of Excellence Gold Award at the Annual Meeting and Seminars in Los Angeles on behalf of the Claims Section.



**CIRCLE OF EXCELLENCE
RECOGNITION PROGRAM**

Where Has All the “Professional” Adjuster Training Gone?

by Jonathan Stein, J.D., CPCU



■ **Jonathan Stein, J.D., CPCU**, is a plaintiff’s attorney in Sacramento, CA, as well as a board member of California Young Lawyers Association. Stein earned his B.A. in economics from California State University, Sacramento in 1995. He then began his adjusting career with Prudential Insurance. While at Prudential, Stein began the CPCU program and completed it in 1998. At that time, he was employed by CIGNA. Subsequently, Stein worked as an adjuster at Crawford & Company. In 2002, he earned his J.D. from McGeorge School of Law with distinction. Stein now is the principal of the Law Offices of Jonathan G. Stein where he also does expert witness work.

From the Edward G. Robinson 1944 film *Double Indemnity* we learned that “an adjuster is a bloodhound and a cop and a judge and a jury and a father confessor all in one” . . . and we all know to achieve those high standards it takes a lot of professional training.

Throughout the recent years we have all heard that professional claim adjusters are leaving the insurance industry in droves . . . well a recent search on the U.S. Department of Labor, Bureau of Labor Statistics web site (www.bls.gov) shows that that is just a myth. (See Table 1.)

Basic Claims Training 101

When I started as an adjuster after college, training was the most important aspect of the new hire phase. Sure, I went through human resources, tax forms, harassment policies, computer usage. But, before I could adjust claims, I had training. And then more training. (This included a trip to beautiful Comiskey Park and the notorious parts of Chicago!) And, finally, more training.

Today, adjusters are hired with diverse backgrounds and given claim files. (This is not to argue that the diverse backgrounds are not a plus. More English majors in the claims business is a good thing as writing skills seem to have deteriorated.) No one explains to them the basics of adjusting: coverage, liability, damages. The new hire is told to ask questions as he or she goes along. Then the complaints start to come and come and come.

As CPCUs, we have voluntarily taken on more training. Not only have we completed eight or 10 courses—depending on when we earned the designation—we have agreed to maintain and improve our knowledge and skills. This continuous training is what distinguishes CPCUs from others in the insurance field. Some of us even go so far as to maintain the CPD recognition after we obtain our CPCU. The Associate in Claims (AIC) designation as well as several other insurance designation programs (ie. SCLA, RPA) are essential to maintaining and distinguishing one’s status as a “professional” adjuster.

Table 1

Year of Employment Survey*	Number in Thousands of Claim Adjusters (NAICS #524291)
1994	43.5
1995	44.2
1996	45.1
1997	46.1
1998	47.3
1999	48.2
2000	48.3
2001	49.0
2002	48.2
2003	48.7

* The U.S. Dept. of Labor, Bureau of Labor Statistics tracks employment hours and earnings through the Current Employment Survey (CES). The CES is a survey of payrolls of more than 300,000 businesses on a monthly basis and provides industry data.

Is Management Listening?

A recent survey of adjusters by *Claims Magazine* revealed poor adjuster training was a key reason for an apparent decline in claims job satisfaction. United Policyholders, a pro-consumer organization, speaks frequently about the lack of training within the insurance claim industry. Claim managers say they care about training and consider it a win-win opportunity for the employee and the company, but they never seem to have the time or resources to promote it as a continuous behavior and part of their culture. Regulators are starting to listen and are considering mandatory training in many states for the claims adjuster. Finally, and most importantly, the policyholders listen and experience what is going on at the carriers. And they do care about the claim training, or lack of claim training because training leads to better informed adjusters and, by extension, a more fair and timely resolution to their claims.

Why Continuous Training for the Adjuster?

Adjuster training and development serves several purposes.

First, at its most basic, it is the core of how to perform the job functions. As with any profession, adjusters need to know how to do their job. And, unlike some professions, there are not many schools set up to teach you how to adjust claims. In reality, most of us in the claims profession do not have degrees in insurance. Most people do not grow up and say, "I want to be an adjuster." Adjusters can take as much as five years or longer to develop a feel for people and a compassion for their needs. Some have commented on this, including a claims vice president who said, "I find that people know less and less of the basics about how to investigate and handle a claim." Thus, training teaches adjusters how to perform the job functions properly, assessing coverage, liability and damages, as well as professionally.

Second, claims training provides updated information. I personally started adjusting

claims by writing property estimates on paper. Additional training provided updates on how to use the new software, how to electronically transmit estimates, and how to attach photographs. While these may be fancy enhancements, they go to the core skill of adjusting—customer service.

Third, claims training provides a way of sharing information. Every situation can be handled in more than one way. Training provides an opportunity for adjusters, whether it's the student or teacher, to share information. Some of the best training I attended involved sharing "war stories," a favorite past time of adjusters. But out of these stories come the tips, tricks, and hints that stay with us and allow us to use these techniques on future claims.

Fourth, to be a claims professional, one must go through ongoing, continuous training. Training and education are at the top of the list for a professional. As one adjuster from Indiana said, "You have an adjuster force that's well-informed and educated, so that would help elevate the professional aspect of the industry." But, I still opine that adjusters need to understand the business that they are in and they need to make a commitment to continuous learning of the business of claims whether or not if it is funded by their employer.

Fifth, continuous training for the adjuster will benefit the employer. By taking responsibility for employees' education, companies can realize many positives. A Vermont vice president of claims said, "Those who are training the people and taking care of them will benefit because one, it's going to build loyalty, and two, they're going to have better employees; that's going to save them money in the long run." Additionally, it may avoid bad-faith lawsuits, or assist in their defense when the lawsuits are filed.

Finally, training provides for personal advancement. Training is a tool to gain more knowledge. With this knowledge, advancement, both within an organization and outside of the organization, is possible. Without claims

training, adjusters stagnate in their jobs, do not grow personally or professionally, and the image of the professional claims adjuster dissipates further.

If Training Serves So Many Purposes, Why Is There a Lack of Claims Training?

An independent adjuster in South Dakota told *Claims Magazine*, "The adjuster's workload is so much that it is tough to find time to take the classes." This was also expressed by an adjuster from Indiana who told *Claims*, "... you're saddled with some education processes that you don't necessarily have time for." An adjuster for Illinois said, "I will probably never take a course unless they give me time off to study for it. It seems like they give you enough work to keep you busy in excess of 50 hours a week and then expect you to do this on the side." Have we seen a theme yet? Time is the biggest problem. An adjuster's day is busy, and it is only getting busier. At my peak, I was handling more than 300 files. In a 200-hour month, that is less than one hour per file per month. Add even five hours of training a month, and the month becomes unbearable.

■ By taking responsibility for employees' education, companies can realize many positives.

Most claims people have seen the long, slow decline of basic adjusting skills in operational efficiency and a lot has to do with the increased use of computer automation in handling claims. "The quality of claims [training and education] is not what it used to be," said a 60-year-old claims department vice president. "Adjusters are now doing clerical work at the demand of top management's feeling that this is a cost savings due to computerization. Good claims work doesn't sell insurance like it once did." For others, the decline in claims training has resulted in insurance

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Where Has All the Adjuster “Professional” Training Gone?

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companies piece-mealing out assignments, either to staff or independent adjusters. This has even led to complaints of not being able to handle claims timely or correctly. Anecdotal evidence proves this point. One independent adjuster was sent out to appraise an insured's vehicle 125 miles away. Three weeks later, the insurance company wanted the appraiser to go back to the same town and appraise the claimant's vehicle. Another three weeks later? Then later the adjuster was told to go get the police report from the same town.

■ **The carrier ended up paying more in settlement and defense costs because it did not want the adjuster's opinion.**

Carriers are not developing their resources (adjusters' knowledge) to the fullest extent. Rather, they now tend to give them routine assignments and tell them to keep their opinions to themselves. One carrier hired me to adjust a watercraft claim. The claimant had numerous broken ribs, a broken bone in her back, and hematomas so severe, they covered 75 percent of her body. The medical bills amounted to \$150,000 and she was bed-ridden for six months. She had another \$50,000 in estimated future medical bills. Her attorney was one of the top attorneys in the area. I recommended that the carrier pay its \$300,000 policy limit. After three months, the carrier's vice president of claims called to tell me to keep my opinions to myself. The carrier ended up paying more in settlement and defense costs because it did not want the adjuster's opinion.

State Regulation of Claims Training

There now seems a push to regulate continued training for adjusters, and not everyone thinks it's a bad idea. “It definitely should be mandatory,” says an independent adjuster from North Carolina,

where adjusters are required to complete six hours of continuing education credits. “I feel it should be increased. I think it should be 12. If they're good adjusters, they'll take classes anyway.”

The adjusting company owner from Florida, however, feels that continuing education should not be regulated by the state. “I'm not big on the government getting involved in anything,” he said. “It seems when they do it only messes things up.” Government involvement in training may create more problems, including oversight, reporting, and certifying training providers.

For detailed information on those states that require a property and casualty adjuster license and those states that already have mandatory continuous education requirements, you can refer to the particular state's insurance department web site.

From My Perspective . . .

Adjuster training is vital to the claims industry. I have been a company claim trainee and a company claim adjuster. I am now a solo practitioner in the legal arena and deal directly with the carrier claim adjusters in representing third-party claimants. From my perspective, the claim adjusters need proper, thorough, professional claim training from the beginning of their careers until the end of their career. While heavy case loads may make training more difficult to schedule, the insurance companies must recognize the benefits of training and how it impacts customer service, customer retention, employee morale, and, most importantly, the bottom line. Adjusters with proper training can also handle claims more efficiently, and with the proper authority levels, save money, in the long run. If the insurance companies do not do a better job of training, government regulation may be here soon.

The decline in resources allocated to the training of the professional adjuster must stop immediately.

This article is based solely on my experience. While some adjusters are well trained, and while some carriers do provide excellent training, the industry needs to realize that this is not the norm. Examples of poor adjusting can be listed all day long, but here are some from October 2004:

- An adjuster who addresses a letter to my office and the salutation reads: “Dear Injured Party.”
- An adjuster who advised me that California has limited the rights of plaintiffs in soft tissue cases and will not allow those cases to go to trial.
- An adjuster who will not return phone calls or respond to letters. When she is finally reached on the phone, she explains, “I am too busy to deal with you.”

This article, prior articles, and prior talks on this topic are not meant to “bash” adjusters, as one critic said. Rather, these articles are designed to recognize a problem, open dialogue on possible solutions, and try to restore the professionalism to adjusters. To that end, comments, replies, and suggestions are all welcome and can be sent to the author at steinlawca@aol.com. ■

AICPCU/IIA Report to the CPCU Society

by Donna J. Popow, J.D., CPCU, AIC



■ **Donna J. Popow, J.D., CPCU, AIC**, is director of curriculum, director of intellectual property for the AICPCU/IIA in Malvern, PA. Popow serves the CPCU Society as a liaison to the Claims Section Committee.

The Institutes have issued their October 2004 Report to the Society, which provides information on the Institutes' activities.

CPCU Program Update

The first class of CPCU designees to complete under the new eight-course curriculum consisted of 2,269. This class received their designation at the 2003 conferment in New Orleans. December 31, 2003, closed the first full year of examinations under the new CPCU program. The number of CPCU exams administered in 2003 was 19,221, which is down slightly from the 2002 number of 19,246. First-time exam takers increased in 2003 to 4,444, which is an increase of 21 percent over 2002. The target for 2004 is 4,700 new students. The 2004 class of new designees is 1,322, which is just short of the 1,350 that was projected.

The Institutes continues to partner with other educational institutions to accept CPCU and IIA credits toward online

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certificate, associates', bachelors' and masters' degrees. The following institutions have signed agreements with the Institutes: Boston University; Drexel University; Excelsior College; Franklin College; New England College of Finance; New York University's School of Continuing and Professional Studies; University of California's Berkeley Extension; University of Maryland, University College; and Walden University.

IIA Program Update

The Associate in Risk Management (ARM) program is under revision, with two courses scheduled for release in 2005. The Associate in Reinsurance program has been restructured. It now consists of four required courses and one elective. There is also a new online readings course in which students study recent articles on both primary insurance and reinsurance theory and practice.

Exam Activity

In 2003, the Institutes administered 19,221 CPCU exams, 47,515 IIA exams, and 9,187 Exams on Request. This is a total of 75,923 exams administered, which is a 2.9 percent increase over 2002. A total of 80,142 exams are projected for 2004.

Beginning in 2005 the Institutes will expand the testing windows to four two-month windows. These windows will begin on January 15, April 15, July 15, and October 15. In addition to the Prometric test locations, the Institutes have 589 approved employer testing sites at which students can take CPCU and IIA exams. Approximately 30 percent of exams in each testing window are administered at employer locations.

Insurance Research Council Studies

The Insurance Research Council is publishing four projects in 2004:

1. The report *Auto Claims in California: A Research Perspective on Regional Differences*
2. The report *Paying for Auto Injuries: A Consumer Panel Survey of Auto Accident Victims*, 2004 Edition
3. The report *Fraud and Buildup in Auto Injury Insurance: Claiming Behavior and Compensation in Claim Closed with Payment*
4. The report *Interstate Comparison of Auto Injury Insurance Claims*

International Activities

The Institutes is building a base on which to establish an educational presence in Greater China. The Institutes plan on selling texts and exams to employees of insurance companies operating in China and to students at Chinese universities with business and insurance curricula.

Other News

The Society of Insurance Trainers & Educators presented it 2004 Innovation Award to the Institutes for its instructional design process.

The Institutes Online class enrollment reached 1,181 in 2003. The 2004 enrollment is running about 30 percent ahead of 2003. ■

CQ Annual Report

by Marcia Sweeney, CPCU, AIC, ARe, ARM, AIS

■ **Marcia Sweeney, CPCU, AIC, ARe, ARM, AIS**, serves on the CPCU Society's Claims Section Committee and serves as editor of *CQ*. Sweeney is a reinsurance claims manager for Horizon Management Group, a division of The Hartford Financial Services and specializes in run-off claims management.

Purpose

The purpose of publishing the Claims Section quarterly newsletter is to provide the Claims Section membership with timely information on emerging claim and legal issues that develop and enhance claims expertise at all levels.

Objectives

To achieve the following:

- A balance of claim technical, claim legal, and claim operations articles.
- A balance of property and casualty articles.
- Promote claims education, ethical behavior, and professionalism.
- Provide a forum for networking within the Claims Section and the claims industry.
- Provide a platform for Claims Section members to develop their writing skills and have their works published in a national periodical.
- Support the CPCU Society initiatives.

The annual period used by the Society to qualify for the Circle of Excellence Section Awards is from June to June of each year. During this period of time we published four issues of *CQ*, mailed approximately 6,000 *CQ*s, and then had another 400 issues printed to use for distribution in Los Angeles.

During this period, the *CQ* had published 76 pages of material in which 36.5 pages, or 48 percent, were focused on technical/functional claim topics. The subject matter of the articles was spread over property topics, workers compensation, fraud, liability, and auto. We also had feature articles on claims technology, claims training, claims customer service, and several addressing career development and leadership. Other articles were in support of the CPCU Society initiatives on web site development, "Spread the Word!," national service, the section's Gold Award, committee member profiles,

claims liaison program, and the history of the Claims Section.

We also strive to have a diverse group of authors writing the articles. This year 19 articles were written by CPCUs, three articles by people with other designations, five attorneys, and three vendors/industry associates. For the Sections Gold Award, we also have to account for the number of reprint articles we publish as compared to original material. During this annual period we had zero reprints.

Your contributions are what make the *CQ* so successful!

Please contact me with any of your ideas, comments, or submissions. I am always looking for fresh, newly written articles for publication on a claim-related topic. ■

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Claims Section Web Site Annual Report

by Eric J. Sieber, CPCU, AIC, RPA

■ **Eric J. Sieber, CPCU, AIC, RPA**, is a member of the CPCU Society's Claims Section Committee, and owner of E. J. Sieber & Co. Claims Investigation, an independent claims investigation firm in southern California specializing in factual claim investigation. A claims adjuster and investigator for 29 years, he has extensive experience in environmental and SIU fraud investigation.

Sieber is a member of the Society of Registered Professional Adjusters; the California Association of Independent Insurance Adjusters; the California Association of Licensed Investigators; the California Conference of Arson Investigators; and the International Association of Auto Theft Investigators. He is an associate member of The Association of Certified Fraud Examiners.

He has been president of the CPCU Society's Southern California Inland Empire Chapter, and of the Western Montana Adjusters Association. Sieber is also heavily involved in civic activities in southern California, as a Public Safety Commissioner for the City of Rancho Cucamonga, and a member of its anti-graffiti task force. He is a panel leader with the San Bernardino County Probation Department's Youth Accountability Board; and a Reserve Peace Officer and unit commander in the County's District Attorney Reserve Investigator's Unit Pilot Program, where he assisted in insurance fraud investigation and prosecution.

Sieber is a CPCU and INS instructor for the Insurance Educational Association (IEA). Please contact him if he can help you in your personal or professional development at:

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We have made substantial progress and I am proud to say that we improved the web site's appearance and functionality. Does the web site offer value? I believe it does to the extent possible for a professional organization manned by volunteers such as the Claims Section of the CPCU Society. There is no doubt that the web site's value will mirror what is put into it by the section committee and the section's 1,450 members.

Over the past year we have posted numerous photos and articles, created links to the CQ articles going back to 1998, and started a claims discussion board. I encourage you to go online and check out the new enhancements to our section's web site.

We have started to deliver "e-blast" messages to the entire Claims Section and now have the capability to do this on a monthly or other recurring basis as the need arises. Anecdotally it appears that the e-blast was a success in respect to promoting the Claims Section Lunch, as we had more people registered for this event than any meeting since Hawaii.

We also did an online survey earlier this year. Unfortunately, the responses were next to nil (7). We are in the process of planning a second survey and committee member **Andrew L. Zagzejewski, CPCU, CLU, ChFC**, has developed a very good and concise survey that seeks to identify the three topics section members would most like on the web site. We hope to send that survey notice shortly as an e-blast with an update from the Annual Meeting and Seminars. The survey will be put on the Claims Section web site.

We also set up a calendar section on the Claims Section web site. It has great potential usefulness as a method for both promoting events on a national and a local level. I am excited by the functionality and usefulness; however, making that a useful tool will require a dedicated effort by all members to: (1) subscribe to the list, (2) post events, and (3) encourage other section members to do likewise.

We also developed discussion board lists on the site, which were promoted heavily in the spring. After an initial "flurry" of 15 posts there were minimal posts for two months and zero posts for the last two months. This will be promoted regularly with e-blasts to the entire section membership. Let's get the claims chat room/discussion board up and running! Not only will it be a great way to chat and network but it should also prove to be a venue to keep abreast of claim happenings around the country.

Our efforts continue, and any assistance or input/direction from any section member is greatly appreciated. ■

**Visit the
Claims Section
Web Site**

<http://claims.cpcusociety.org>



■ Your Claims Section Committee met in Los Angeles, CA, at the CPCU Society's 60th Annual Meeting and Seminars to begin planning activities for 2005.

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