

## Comments From the Editor

by Bleu F. Bettencourt, CPCU



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Let's be honest; understanding what is truly important in the international insurance marketplace can be convoluted. The developing markets around the world—the BRIC countries (Brazil, Russia, India, and China) come to mind—obviously have a strong case, but getting something wrong in smaller jurisdictions can be equally fatal to businesses. This newsletter continues to help our readers cope with the navigation of the waters of international insurance and, where possible, helps them see the lighter side of the whole affaire along the way. Our lead article by **Birgit Vosper, CPCU**, of Chartis Europe focuses on the latter, while

her article on the Jackson Reforms in Great Britain, the former.

In her first article, Vosper outlines her history, from working in “laid-back” conditions, as she says, in Munich to the dichotomy of the insurance market in London; it is small because you seem to know everyone, but it is still one of the largest markets in the world.

Her second article is a refreshing look at what is sometimes the dry subject of English law reform, broken down in easy-to-understand points to remember about how the recent Jackson Reforms might affect underwriting of UK insurers and how the same understand their exposure to the ever-evolving world of litigation costs.

The next two articles examine the important and often difficult region of the Middle East. Each has a great insight for international insurance professionals doing business there.

“Cultural Consideration of Claims Adjusting in the Middle East,” an article about adjusting large commercial property-casualty claims in the Middle East by **John Chambers** and **Andrew**

**Jackson**, of Charles Taylor Adjusting, is a reminder that we cannot have an eyes-wide-closed approach to managing insurance in the Middle East, and that there really is a difference between the insurance market in Saudi Arabia and the United Arab Emirates. A good follow-up read to this article would be on Sharia law and Takaful insurance or, better yet, some official publications on these. They are indispensable for anyone placing or working with insurance covering risk in the Middle East.

**Sabesh Rafeeqe, CPCU, AIC, AIS**, makes the case that Saudi Arabia is poised to be a growth market in the years to come. And, as the authors of “Cultural Consideration of Claims Adjusting in the Middle East” have said, every country in the Middle East is indeed distinct.

Our last two pieces are great looks at how CPCU is working internationally in the lives of the professionals who make up its body and how aspiring insurance professionals are gaining knowledge and experience from what the CPCU Society offers as support to the future of our industry. ■

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# From Lederhosen to Pinstripe — A Bavarian Girl in London City

by Birgit Vosper, CPCU



**Birgit Vosper, CPCU**, is a German lawyer working as technical regional claims manager at Chartis Europe, based in London. Working in the insurance industry since 2002, she has worked at GE Frankona Re, Munich Re and BritInsurance. She has been based in London since 2009.

Growing up in the down-home and stable environment of Munich, Germany, I never really had an experience abroad — a fact that more than once made HR staff raise their eyebrows in job interviews. I had felt neither the urge nor the need to seek opportunities outside of my hometown. On the contrary, I am very much in love with Munich, its lifestyle and its working environment. I guess there is nowhere else in the world where you will find similarly secure and laid-back conditions. No one loses their heads or their jobs, and whilst we sometimes work from 7 a.m. to 8 p.m., there are still always 30 days of holiday plus flexi days entitlements to make up for that! These days, the insurance industry in Munich is still alive and kicking with major players like Allianz, ERGO and Munich Re. However, subsequent to the 2006 takeover of GE Frankona Re by Swiss Re, which had already absorbed the late Bavarian Re in 2001, the local opportunities are shrinking. As London undoubtedly is a key city when it comes to finance and insurance, I decided I wanted to indulge myself in the “city” vibe.

The fact is, London City rocks! The area between the Tube Stations Bank, Monument, Tower Hill and Liverpool Street is like a never-ending family reunion. I am barely able to walk more than 10 steps without running into somebody I know. Walking down the street, I put on a friendly face, knowing whomever I meet might tomorrow be a client, colleague, or worse, boss. In Germany, you only ever get a new boss if the previous one retires (or dies). In London, line managers sometimes get replaced like light bulbs. And they are certainly not always energy efficient!

After a couple of months in London, I already felt very much settled in, and I was getting my lunch from one of the take-away places in Leadenhall Market, which all of a sudden appear around noon; walking back to eat in

front of the Aviva building sitting on the stairs; enjoying the view of the Gherkin; and greeting at least three people on that short five-minute walk. The small world of insurance in this enormous city London freaks me out and makes me feel at home at the same time, but that is what a family is all about, isn't it?

While in Germany, I had a single office or shared it with another person at the most; in London, there are open-plan offices. So instead of being locked away and only ever seeing my colleagues when I make the effort to visit them, here in London, I am sitting at my desk with my teammates only one desk length away from me every day. Even if we don't want to, we get to know each other very well. I have lived and breathed every second of my office neighbour's wife's pregnancy, and that was a long nine months!

Getting along with each other does improve work life. Therefore, when recruiting, whilst senior management certainly do look into qualifications, fitting into the existing team is key. Also, companies spend a lot of money on their staff's social events, like Pub Quiz Nights, Christmas Parties, “get togethers,” away days and other parties. These events are, in fact, crucial for establishing a friendly relationship with team members and a good chance for a chat. Although we sit close to each other, due to the workload, most of the time there is not much chance (or space) for private conversations, and therefore what I know about my colleagues is what I have learned by involuntarily (or not) overhearing their private phone calls.

Traditionally, the “London Market” was very much broker driven, so men in suits carrying multicoloured files around or refreshing themselves standing outside a pub in Leadenhall Market were common scenes. These days, brokers keep up with the times — they no longer carry

their files under their arms, but instead use handy carrying cases, making the city look like an airport. However, even tradition has to keep pace with progress, regulatory requirements and administration, and therefore more and more paper files find their way into electronic depositories, gradually deleting brokers from the street picture. Maybe it is a coincidence, but this development seems to be accompanied by various pubs and wine-bar chains going bust.

London is a fashion catwalk for the latest shirts and suits of local designers, which basically means that everybody is wearing the same sort of dark suit and multi-coloured shirt plus matching tie. If you want to be individual, shop abroad, accessorize or, well, wear denim. Being colour blind or just not fashion conscious is not a problem in London. One of my childhood memories is about my mum laying out a shirt-tie-suit combination for my dad every morning to make sure it matched (looking good — another topic, well, it was the 1970s after all). In London, a shirt comes with a tie and cufflinks in a set, so in case you get comments, always blame the seller. Within this blissful security, some companies, however, have tried to spice it up and recently introduced “dressing down Fridays” on which you can wear “smart casual” clothes if not seeing clients.

Wikipedia defines smart casual as:

“A loosely defined dress code, casual, yet ‘smart’ enough to conform to the particular standards of certain Western social groups. It has been suggested that smart casual for men consists of dress trousers — some, but not all definitions may allow chinos — a long-sleeve dress shirt (tie optional), leather loafers or dressy slip-ons, dress socks, a belt, and, if appropriate, a sport coat or blazer. For women, it consists of slacks or a skirt (long or short), a



Victory Gate, Munich, Germany.

blouse or turtleneck, a fashionable belt, a jacket, a vest, or a sweater coordinated to the outfit, hosiery or socks with boots, flats (leather, suede, or fabric) or mid-heel shoes. Women may also wear jewellery, such as earrings that complement their overall outfit, at least. This category demands a pulled-together, harmonious, complete look with colours, fabrics, shoes, and accessories, for both men and women. Formality is subjective, and in some places, the above would describe ‘casual’ with smart casual requiring a jacket and tie.”

Right. Having experienced some of these casual Fridays, my only comment is while colleagues have to love each other no matter what, we should only dress down when not seeing clients!

In the London Market, I am forced to live with the tides — cricket season is from May to September, and rugby is from September to May. Bonuses are paid in April, and at that time, I see new suits, handbags and jewellery; hear stories about new kitchens, updated living room

decorations, and summer holidays being booked; or witness the very, very, very grumpy faces of people quickly rushing into the entrances of job agencies.

In June, people in London dress up for Ascot and the horses; in December, they dress up for the Christmas parties, and the reindeer. January and November are dry months, and that is not referring to the amount of rain there is in this country. That means people try to give their livers a little bit of rest before and after the Christmas Challenge Champagne. It certainly wouldn’t be the London Market if people were not trying to make an event out of it. November is actually “Movember” when the guys let their beards grow. The kick-off of the overall “drink less, eat healthy, lose weight” movement in January is a mass weighing session. Both of these events are sponsored for charity. Overall, the whole year is filled with events and entertainment. Whoever thinks insurance is boring, well, come and work here!

Oh, that reminds me — work.

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# From Lederhosen to Pinstripe — A Bavarian Girl in London City

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A typical working day in Munich looks like this: Get up any time because in Germany we work flexitime. Get dressed; commute into work in clean, empty and on-time public transport. Arrive at the office, clock in, greet the receptionist and one or two colleagues on the way to the office. Switch on the PC, get a coffee out of the department kitchen, and start working. After a couple of phone calls, a couple of internal meetings, and a few emails, it is lunchtime. Lunch is in the company's canteen, commonly referred to as the "Casino" (please don't ask me why; maybe because the food is a risk). Lunch is usually 30 minutes, and after a quick coffee, it is time to work again. An afternoon might include a chat with the person from the office next door, someone comes in and empties the bins, quick walk to the printer, and an afternoon coffee with a colleague. After writing a memo and watering the plants, it is time to go home.

A working day in London is like this: After a stressful commute in an overcrowded, hot and delayed tube or train, arrive at the office at 9 a.m. Show the receptionist the company pass, greet every colleague on your way to your desk. Have a quick chat with the team, switch on the PC, tell the colleague who offers to get hot drinks for everyone from the chill-out zone whether you want coffee or tea, and start work. After a couple of phone calls, a couple of internal meetings, a few emails, brokers come in, peers from competitors visit, a couple market meetings, a trip to Lloyds, and a quick chat with someone you met on your way to Lloyds, it is lunchtime in the market. Lunch is usually 90 minutes, and after a quick beer, it is time to work again. An afternoon might include a chat with the person sitting next to you, a quick walk to the printer, and an afternoon beer with a lawyer. After filing and tidying the desk, it is time to meet friends for a drink after work.



*London Bridge, London.*

I don't know which scenario is the better one; actually, it depends on my mental and physical state du jour. The London setting is certainly more communicative and face-to-face than the Munich one. But it is what you make of it.

London has changed me — of course it has. I now drink my tea with milk; my liver is slightly more challenged than before; I say things like "that drives me potty;" my New Year's resolution is to swear less; I own more suits and less casual clothes; as long as it is not raining, the weather is great; I find cricket fascinating; I start to find the queen less fascinating; I bet on horses; I recognize an Essex accent; and I go into every Bavarian pub in London I can find! ■

# "We've been talkin' 'bout Jackson"\*

## *Lord Jackson's Proposed Reforms of Litigation Costs Initiate Controversial Discussions*

by Birgit Vosper, CPCU

In 2009, 10 years after [Lord Harry Kenneth Woolf](#) introduced his landmark reforms of the civil litigation system, trying to reduce the costs of litigation by giving court judges more control over the proceedings, Lord Justice Rupert Jackson started his extensive review of civil litigation costs in England and Wales. His final report was published on January 14, 2010, and in March 2011, [Lord Chancellor Kenneth Clarke QC](#) confirmed that the recommendations would be implemented nearly in full.

The key issues in the report are:

- The abolition of recovery of Conditional Fee Agreements (CFA) success fees and "After the Event" (ATE) insurance premiums, partially compensated by an increase of 10 percent in personal injury (PI) general damages.
- A ban on referral fees in PI cases.
- Qualified one-way costs shifting.
- Legalisation of contingency fees.
- A 10 percent increase of damages when a defendant loses a case after failing to accept a claimant's Part 36 offer.
- The creation of a Costs Council to decide on guideline hourly rates and fast-track fixed costs.
- Fixed costs for fast-track PI and, in the future, all fast-track cases.

The planned changes can be sorted under two headlines: funding and costs reform and procedural changes to civil justice reform, with an emphasis on mediation and alternative dispute resolution (ADR).

### **Funding and Costs Reforms**

CFAs, also known as "no win, no fee" agreements, have enabled lawyers to recover nearly twice their normal fees if they won the case due to a fee uplift ever since they were introduced in 1999.



CFAs are usually used in personal injury litigation and in libel cases to fund litigation. Such success fees and also ATE insurance premiums are recoverable from the unsuccessful defendant; therefore, the claimant is in the comfortable position that he won't have to worry about funding his litigation.

With the reform, CFAs won't be banned; however, they will lose some attraction for the parties involved: because success fees and insurance premiums won't be recoverable as before, the claimant himself will have to bear those costs and possibly pay them out of his damages. To balance this change, nonpecuniary damages in personal injury claims will be increased by 10 percent, and any success fee will be capped at 25 percent.

Contingency fee agreements, on the other hand, currently prohibited in contentious proceedings, will be allowed as so-called "damage-based agreements." They are another form of no win, no fee agreements, widely

used in the United States and Canada, in which lawyers usually receive 20 to 30 percent of the damages recovered as contingency fees. However, in North America, unsuccessful defendants don't pay the winning claimants' costs, with the exception of Ontario, where the defendant pays the normal costs to a claimant. This Ontario model will be adopted for England and Wales.

The government considers that "the principle of no win, no fee litigation has been well established by CFAs" and that a ban on contingency fees "is no longer appropriate in a modern litigation system," provided that they are appropriately regulated. The government also thinks that a "wider availability of (damaged-based agreements) is necessary to balance its recent further large cut in legal aid."

Qualified One Way Cost Shifting (QOCS) will be introduced for personal injury cases only. (The government is "not persuaded" by Jackson's ideas about extending QOCS to further types of cases.) Subject to some exceptions, in

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## **“We’ve been talkin’ ‘bout Jackson”\***

# **Lord Jackson’s Proposed Reforms of Litigation Costs Initiate Controversial Discussions**

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personal injury cases, claimants will be entitled to their base costs when they win but will not be liable when they lose. A major rationale for introducing the QOCS regime is that many claimants need no longer take out ATE insurance.

### **Procedural Changes to Civil Justice Reform**

The government is consulting on a raft of reforms to county courts to resolve more claims through mediation, together with streamlined and lower-cost litigation tracks. The primary aim is to assist economic recovery by promoting “quicker, cheaper alternative dispute resolution where appropriate.” The major features are:

- A significant expansion of appropriate non-court forms of dispute resolution by requiring all cases below the small claims limit to attempt settlement through mediation and by introducing mediation information/assessment sessions for claims above the small claims limit.
- A simplified claims procedure on a fixed-costs basis, comparable to the one for road traffic accidents under £10,000, for more types of personal injury claims.
- A simpler and more effective enforcement regime.

### **Comment**

As usual, there are benefits and burdens to every reform venture. Lord Jackson’s ideas entail opportunities as well as pose potential threats to insurance companies. ATE insurers will be affected, since there could be a decline in demand for ATE insurance if such premiums are no longer recoverable; at the same time, BTE insurers might be able to expand on legal expense insurance. Liability insurance will possibly benefit from a reduction in litigation costs, but the quantum of personal injury claims

will rise about 10 percent. However, in successfully defending a claim, the insurer won’t be able to recover its costs. Whether this can be seen as an acceptable trade-off for the substantial reduction in claimants’ costs remains to be seen. No one should expect to see the premium for a potential defendant’s car or house insurance drop, though.

Critical voices are concerned that the impact will be a reduced access to court and, therefore, justice. Injured claimants might struggle to fund litigation and then will lose a big chunk of their damages. This could be inconsistent with the fundamental principle of civil justice — “the principle of full compensation for wrongful injury.”

One might still agree that there was an urgent need for a review of civil litigation costs, but was there one to better the procedure? Last year, just before the election, the Labour party rolled out a fully electronic fixed-fee process for motor accident claims up to GBP 10,000, where liability is admitted. This has been accepted so well, there are plans to extend the concept soon to further types of personal injury cases up to GBP 25,000, including clinical negligence, which clearly will sort the problems in personal injury.

But who knows? Maybe all the controversy over the Jackson Reforms is just a palaver. ■

*\*“Jackson” is a song recorded by Johnny Cash and June Carter.*

# Cultural Consideration of Claims Adjusting in the Middle East

by John Chambers and Andrew Jackson

**John Chambers** is regional manager—Middle East, based in Dubai, for Charles Taylor Adjusting. He is a senior technical loss adjuster who has been actively involved in claims work for more than 30 years. Since 1982, he has managed offices and handled claims for major international loss adjusting practices in Saudi Arabia, Malawi, South Africa and the United Arab Emirates. He has extensive experience in major losses of all types but specializes in construction and engineering-based work in the power and downstream petrochemical industries, together with its subsequent business interruption implications.

**Andrew Jackson, ACII, ACILA**, is managing director, Non Marine at Charles Taylor Adjusting. He has more than 20 years' experience as a loss adjuster, five of which were spent in Spain. He also worked for a Lloyd's broker producing and placing financial institutions, directors and officers liability, professional indemnity and jewelers block insurance. He has handled financial institution losses throughout Europe and the Middle East. He specialises in loss adjusting assignments involving financial institutions, jewelers block, professional indemnity, fidelity guarantee, cash in transit, stock exchange, and broking houses.

**L**oss adjusters are skilled at understanding and resolving the conflicting demands of parties to insurance losses. While these skills are in demand in all areas of the world, they are particularly necessary in the Middle East, where the normal practices of agreeing on a claim are overlaid by the cultural, commercial and legal differences between the Middle East and the West.

A common mistake made by Westerners is to assume the Middle East is a homogeneous region, with a single

culture and legal system across all the region's countries. In fact, nothing could be further from the truth. While all the countries are Islamic and generally have adopted Shari'ah Law or a variation thereof, the way their legal systems interpret insurance claims can vary markedly. Cultural differences also emerge in the way people view right and wrong, particularly in commercial arrangements, with Westerners generally having a different mindset than their Arab neighbours.

Stereotypes can be dangerous and misleading — but it's worth noting that if the typical western stereotype of an Arab is one of greed and deviousness, then the Arab view is that all Westerners are usurious, intransigent and always looking for a higher-than-reasonable rate of return. Both views are equally misguided, but understanding that there may be basic misunderstandings at a very fundamental level can help to remove some of the obstacles the parties face in a claim negotiation.

## Liability

The principle of insurance liability is now generally accepted across the Middle East and is no longer “haram,” or forbidden under Islamic law. Property claims are fairly straightforward, with the legal interpretation generally being the same as most Western legal systems'. Casualty claims, however, can be far harder to settle, with the understanding of consequential loss differing from Western ideas and indeed being interpreted differently by each country's legal systems.

Negligence is recognised under Shari'ah Law, and parties are held liable for what the system calls “harmful acts,” but the extent of losses recognised varies from country to country. Courts in Saudi Arabia, for example, will only consider direct costs following an incident. For example, if someone is found liable for an accident, the person will probably be held

responsible for repair costs or hospital expenses, but not consequential losses, such as loss of earnings.

Other jurisdictions will recognise some consequential losses, but with far more restrictive limits than a typical Western settlement. The United Arab Emirates has adopted a system on par with Western ideas, frequently with some consideration for pain and suffering or mental distress. The key for a claims adjuster is to fully understand the legal system of the jurisdiction in which the claim occurred and to work accordingly.

## Insurance Arrangements

Most Middle Eastern countries have regulations that stipulate risks must be insured with local insurers. This has led to the practice of many international businesses insuring risks locally, but with high levels of reinsurance — up to 100 percent — back to their global carriers.

This works well in principle, but multinationals with global programmes need to check local wordings carefully. These authors have seen local policies with gaping holes in cover — for example, a business interruption policy with no maximum indemnity period. Local policy wording is what will be used in local courts to decide liability, and a reinsurance carrier may suddenly find itself exposed to a significant extension in the liabilities it faces, simply due to the use of a loosely worded local policy.

In summary, claims adjusting in the Middle East demands a clear understanding of the cultural and legal differences between the Middle East and Western countries. Once these differences are understood, adjusters can work successfully to reach fair and balanced outcomes for all parties. ■



# Key Insights on Saudi Arabia's Insurance Sector

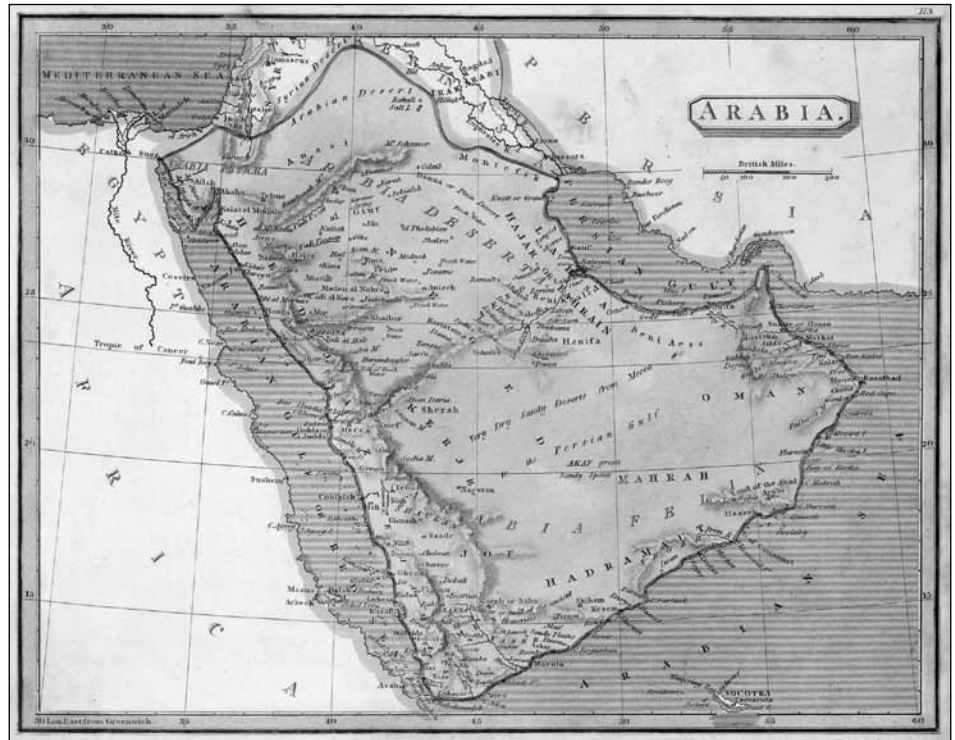
by Sahesh Rafeeqe, CPCU, AIC, AIS

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The insurance industry in Saudi Arabia has been flourishing for the past few years and effectively resisted the after-effects of recession. This was mainly due to the strong domestic funding and high level of investments. Strict regulation on the part of Saudi Arabian Monetary Agency (SAMA) facilitated the market developments, and better laws further improved the structure.

From the point of view of multinational insurers that are looking to expand into Gulf Cooperation Council (GCC) countries, Saudi Arabia represents an attractive prospect. Its economy was remarkably resilient in the downturn of oil prices in 2009 and will benefit from the strength of oil prices again in 2011. The market has also been opened up for foreigners. Other trends are also favorable in the insurance markets, with the main exception being the underdevelopment of the life segment.

The Saudi insurance sector differs from others in the Middle East in that it includes at least one indigenous insurer, Tawuniya, which would rank as a large company in most countries. Figures released by Tawuniya to the Tadawul



(Saudi Stock Exchange), on which it is listed, indicate that its premium nearly doubled over the course of 2009, with growth continuing into 2010.

According to new research, health insurance has emerged as one of the fastest-growing segments in the Saudi Arabian insurance sector. With 53 percent share of the total insurance premium during 2010, health insurance has become a key growth driver for the overall market. Moreover, as health insurance has become compulsory for expatriates, the country is on its way to witnessing a significant surge in the number of insured people. The share of gross health insurance is likely to reach around 59 percent by the end of 2014.

Under the general insurance sector, subsegments, such as engineering insurance, aviation insurance, and motor insurance, will contribute towards the growth of the overall industry. Impressive performance by these segments is likely to propel the general insurance sector, which, in turn, is expected to grow at a compound annual growth rate of around 12 percent during 2011–2014.

The future outlook of the Saudi Arabia insurance sector is highly positive, with a strong, inherent growth potential in the market. Factors such as low penetration, strong government support, and rising awareness levels are likely to propel the number of persons opting for insurance plans. Takaful insurance, in such a scenario, will play a vital role.

In conclusion, the insurance sector is playing an increasingly significant role in Saudi Arabia's economy, with far greater funds at its disposal as more businesses and individuals recognize the importance of having coverage. Data issued earlier this year by the Saudi Arabian Monetary Agency (SAMA), the regulator of the kingdom's financial services sector, including the insurance industry, estimated the total value of premiums written in 2010 rose by 12.4 percent over the previous year's performance — a rise from \$3.9 billion to \$4.3 billion. This strong growth helped push the insurance sector's contribution to GDP to the equivalent of 1 percent. ■



# The CPCU Society Annual Meeting and Seminars From the Vantage Point of a Student

by Dahao Zheng

**Dahao Zheng** is an international senior actuarial science student at the University of Illinois at Urbana-Champaign. He is from China.

**I**t was my great pleasure and luck to attend the CPCU Society Annual Meeting and Seminars in paradise city, Las Vegas. To be honest, before I attended the meeting, all I knew about the CPCU Society was that it is an organization for underwriters. I didn't know what would happen during the meeting. I didn't know how I would network. I got on the airplane from Chicago to Las Vegas with a curious and trembling heart. I even had some self-comforting, backup plans for myself. But what I learned in the meeting totally rocked my world, which is why I say it was my luck to attend.

The first thing that really made me get involved in the meeting was the celebration party after the opening session. At first, I was thinking I'd meet my mentor at the party for the first time, but when I got there, he wasn't there. There were people all over the huge hall. I stood there with a glass of white wine and some dessert. I didn't know who I should talk to, because everyone seemed already to have someone to talk with, and I thought it would be rude to jump into a stranger's conversation and introduce myself without knowing their backgrounds.

I stayed there for almost 20 minutes near the trash can, as there weren't enough tables, then I left, disappointed with myself. But the second I got back into my room, I got a call from my mentor saying he just got into the celebration and was looking for me. I rushed back to the party and finally met my mentor. Then, it was the real celebration party for me.

I was introduced to a lot of people and got my first chance to talk with insurance people about their jobs

and myself. It was an interesting and encouraging experience, not only because I tasted my first glass of white wine, but also because I found that people are not that unreachable. Nobody ignores students. Actually, they were all glad to talk with me.

From them, I learned what underwriters really do, and that the CPCU Society is not an organization for underwriters only. There are many people who are Society members, not only underwriters. But what I really learned was how important networking is, and it is totally not as scary as I thought. During this party, I came to understand what "It's not what you know, but who you know" means.

I think it might be interesting to introduce some of my background. I am an international student at the University of Illinois from China. After staying in America for more than three years, my view of the world has changed. America, especially the university, has a much more international environment than China. I know the world differently from knowing and talking with people from different backgrounds. When I was in China, I thought I would find a job in China. When I first came to America, I hoped I could work here in the future. But now, I feel I can go to any country to work. And this is why the International Insurance Interest Group (3IG) attracts me.

I have the feeling that attending 3IG sessions was my destiny. Students who attended the Annual Meeting and Seminars were not attached to any interest group. During different group sessions, we attended "Oops! ... I Have an Exposure in Mexico ... and I Don't Know 'Seguros.'" I didn't know it was a session developed by the 3IG until I went to the 3IG dinner featuring the "wizard of odds," [Michael Shackleford, ASA](#), an actuary who has made a career of analyzing casino games.

The 3IG members changed my good Vegas trip into an amazing Vegas trip. I was invited to the group's wizard of odds dinner, while all the other students were going to the diversity reception. I was the only one going to an interest group. The feeling of standing out made me very proud. The international group has some amazing and generous members.

Las Vegas was an amazing city. Networking with people and learning about the real insurance outside of textbooks? I really can't think of more I could ask for. It was a great honor for all the other students and me to attend the CPCU Society Annual Meeting and Seminars, but I have to say it would be much better if students were introduced to different interest groups and told they can join these groups. Students like me who gained the priceless experience from 3IG can be the best evidence. ■

# People to People Ambassadors — Insurance Professionals Delegation to China

by Eric W. McIntyre, CPCU, AINS, AIT



**Eric W. McIntyre, CPCU, AINS, AIT**, is a claim automation and procedures specialist with State Farm in Harahan, La. He is secretary of the CPCU Society Deep South Chapter.

**T**wenty delegates and six guests, including my wife, flew 13 hours from San Francisco, Calif., to Beijing, People's Republic of China, in November 2010 to begin a nine-day journey of professional and personal discovery. Despite the 11-hour time difference, jet lag didn't become an issue until our return to the U.S., probably because we were too busy to feel it. I had done some reading on Chinese culture and etiquette, learned a little (very little) Mandarin, and was excited about our first trip outside the Western Hemisphere.

The trip was organized by People to People International (PTPI), and the delegation was led by CPCU Society 2008–2009 President and Chairman **Marvin Kelly, CPCU, MBA**, and included The Institutes' President and CEO **Peter L. Miller, CPCU**. Nearly all the delegates (primarily consultants, agency executives, and insurance company management and specialists) possess the CPCU designation and represent a variety of insurance areas, including property-casualty underwriting, property-casualty claims, workers compensation and supplemental markets.

The goals of the trip were to meet and exchange information and ideas with other insurance professionals, educators and government officials; work to establish lasting relationships and goodwill; and network and foster new friendships within the delegation. The itinerary changed somewhat at the last minute (no meeting with government officials), but the trip was no less special — and frankly, astonishingly productive. On our first full day in Beijing, we spent a half-day learning some history and geography of China from our national guide, and the history and current state of the Chinese insurance market from a law professor at Beijing's University of International Business and Economics.

Over the next few days, we met with leadership from Chartis Insurance (formerly AIG) to discuss Chinese domestic and international insurance facts and trends, and with representatives of the People's Insurance Company of China (PICC), the nation's largest domestic insurer, who had never before met with any Western counterparts. (A translator was needed.) In Shanghai, we met with representatives from ACE and Huatai Insurance Companies (partnering to take advantage of each other's strengths) to discuss commercial risk management and insurance in both domestically and Chinese-run overseas operations.

I have worked for State Farm for more than 30 years (I started really, really young), and if I have an expertise, it is in the area of catastrophe preparation and response. Living and working in California, and in the New Orleans area since 1993, has provided much experience with catastrophic events. I have spent thousands of days on temporary assignment in 25 states working as a claim representative, re-inspector/trainer, supervisor and more recently, in my current capacity, helping to create, coordinate and supervise the



*Tiananmen Square in Beijing, China.*



*Pudong Financial District in Shanghai, China.*

electronic and physical environments that allow claim handlers to do their jobs. So, I was grateful to be asked to pass along some of my knowledge to PICC, which has limited experience in this area.

We also met with the dean and several professors of the economics department at Peking University, and doctors and administrators of Lihuang Hospital's 800-bed wing devoted to Traditional Chinese Medicine (TCM), part of Shanghai University. One of the highlights of the trip was touring the hospital, including a TCM treatment room, where we saw a variety of TCM therapies being applied (e.g., acupuncture, massage and cupping), as well as a large herb processing and distribution center.

There were cultural outings as well, including Tiananmen Square, The Forbidden City, The Great Wall, a traditional tea ceremony, martial arts and acrobatic performances, and a fabulous visit to a senior center and "university," which essentially is a retirement home where there is no shortage of things to keep one busy. We also had great

adventures in the cuisine department, as traditional Chinese cuisine is somewhat different than that eaten in the U.S. Eel and jellyfish are common at meals, and the food choices and flavor as well as the order of service are quite different in Shanghai as compared to Beijing. On Mandarin duck night, a few of us even partook of fried scorpion.

But professionally what surprised us (perhaps it shouldn't have) is how well respected the CPCU brand is in China. The dean and professors we met with at Peking University literally gasped at a show of hands from all the CPCUs in the conference room. One of the takeaways was an agreement to explore adding CPCU curriculum to their programs, allowing graduates to simultaneously earn their degree and their CPCU designation. And in Shanghai, the American consultant for ACE, as well as several Huatai employees, have and value the designation. They believe there are now enough CPCUs in Shanghai to start the first chapter in China, and Marvin Kelly and Peter Miller will work with them to make it happen.

All told, it was a trip that will leave lasting memories, and the new friends and new knowledge made the experience much more than either a vacation or a business trip. I was the official delegation "journalist," and anyone interested can read the full journal that has been posted on the PTPI website ([www.peopletopeople.com](http://www.peopletopeople.com)) and view presentations made by some of our counterparts in insurance and health care.

From the PTPI home page, click on "Adult Programs" and then "Journals;" in the drop-down menu, click on "Business" and then leader Kelly's name. The journal provides a more comprehensive look into the Chinese insurance market, its regulatory structure and environment, and some perspectives on China's legal and business standards.

If anyone has questions or wants to learn more about my experience, or this type of travel, I can be reached at [eric.mcintyre.aoiu@statefarm.com](mailto:eric.mcintyre.aoiu@statefarm.com). ■





# International Insurance Interest Group

Volume 26 • Number 1 • April 2012

*International Perspectives*

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