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Message from the Chair

by Michael J. Jagadich, CPCU, FMA, AIM, AIC, ASC



Michael J. Jagadich, CPCU, FMA, AIM, AIC, ASC, is an assistant administrative services manager in State Farm's Heartland Zone located in Lincoln, Neb. He joined State Farm in 1986. Jagadich served as president as well as in several other positions in the CPCU Society's Nebraska Chapter, and is currently serving a three-year term as chairman of the Leadership & Managerial Excellence Interest Group.

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Every day individuals and teams in both the business and sports worlds compete to be No. 1. Do you strive to do your best every day? The following March 24, 2007, article from Nebraska's *Lincoln Journal Star*, by its Families, Kids and Women's Issues Reporter **Erin Andersen**, provides some interesting perspectives on the subject.

Being the Best — Is Doing Your Best Good Enough?

by Erin Andersen

Just eight teams remain in the 2007 NCAA Men's Basketball Tournament.

All will give their best in their quest for the championship title.

But only one will **be** the best.

Therein lies the supreme distinction. In this competitive, cutthroat, eat-or-be-eaten world of survival for grades, playing time, scholarships, salaries and trophies is simply doing your best enough?

Or is it a politically correct excuse for coming up short in the race to No. 1?

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Message from the Chair

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The answer depends on whom you ask and the context of the question.

A kid who gets a “C” in math but an “A” for effort may be able to take pride in knowing she tried her hardest.

A dedicated employee passed over for a promotion may feel he will never measure up to the company’s best — no matter what.

A professional athlete who fails to bring home the win knows that regardless of whether he gave 75 percent or 110 percent, fans will blame him for the loss.

A 5-year-old who misses the game-winning goal will think she could have done better, if only ... but everyone from coaches to parents to teammates will praise her for the effort, even if they are thinking, if only

When it comes to the best, there is a double standard, said **Jerry Bockoven, Ph.D.**, director of the Psychology Department at Nebraska Wesleyan University and a mental health therapist.

Often we say, “Do your best,” but what we really want, expect and hope is to be the best, said **Darrell Luzzo, Ph.D.**, of JA Worldwide (Junior Achievement).

You must win — regardless of the cost.

Headlines detail the price: “Athletes on steroids;” “Students plagiarizing papers;” “Corporate executives embezzling, stealing and playing by their own rules;” “Secrets, backstabbing, cheating, under-the-table deals;” “Parents berating youngsters for missed goals, eighth-graders worrying themselves frantic over grades for college, adults fudging résumés.”

And now comes a tongue-in-cheek but also true book, *Faking It — How to Seem Like a Better Person without Actually Improving Yourself*.

“It all perpetuates this sense that winning is everything — it’s not good enough to just be your best,” Luzzo said in a telephone interview from Colorado Springs, Colo.

In the latest JA ethics survey, teens said they feel an intense pressure to succeed, Luzzo said. That pressure is affecting their sleep patterns, eroding their confidence and blurring the lines between right and wrong when it comes to the competition for “best.”

Eight out of 10 teens polled by JA said they felt intense pressure to succeed no matter what the cost.

And they believe this overbearing pressure to succeed will not change — and will even increase — as they get older and enter the workforce.

Twenty-nine percent of teens said they do not feel prepared to make ethical decisions.

And while 59 percent said they would not act unethically to get ahead — even with the promise of not getting caught — nearly three-fourths admitted to engaging in unethical behavior, from lying (69 percent), to downloading a song without paying for it (34 percent) to cheating on tests (22 percent).

The trend is disturbing, Luzzo said.

“I think there is an ethical obligation of society to do what we can to turn it around,” he said.

But the problem is that society itself is struggling with the very same issues. A Gallup Lifestyle poll found that four out of 10 adults describe themselves as frequently stressed — numbers were significantly higher among younger Americans, parents and workers. The need to succeed certainly is part of that.



But what is “the best?”

Often it is impossible to identify, nearly always unattainable and can be so daunting that we fall even further short than we would have if we just stopped worrying about it, Bockoven said.

“Best” is fluid.

The best time can always be beat. The best grade point is no longer a perfect 4.0 but a 4.0 plus. At UCLA, the grade point average for entering freshmen is 4.13, Luzzo said.

The best body as pictured on a magazine cover is often a conglomeration of parts from different models, airbrushed and “photoshopped” into an enviable whole, said **Ryan Harmon**, general manager and personal trainer at Fitness Together in Lincoln.

The best business practice can always be improved upon.

“Getting to a place where we cannot imagine doing it any better is pretty impossible,” Bockoven said. “Intuitively, we believe we can always do better By our own standards, there is always more (we can do).”

Which is good — and bad.

“We stress the importance of continuous improvement in an organization: Don’t rest on your laurels. Stretch yourself,” Luzzo said.

“But don’t stretch yourself beyond the limits of your physical and mental well being. My concern is that it will show up later in life — this lack of sleep and high levels of anxiety will have a long-term impact that we may not see for a generation,” he said.

Be your best vs. being the best.

Easy to say. Hard to do. Even harder to accept or expect others to be satisfied with.

Kinga Wilson, owner of Leaders IT Recruitment in Lincoln, tells people to know themselves and know their goals.

"When you talk about being the best vs. your own best, I honestly feel there is no difference," Wilson said. "You can only really be the best if it is for you — if you do it on your own terms."

When people get caught up in trying to be the best, they can go off course, lose their way, Wilson said.

They can give in to that temptation to cheat, said Luzzo.

JA has retooled its programs to include more emphasis on character and ethics.

"We emphasize being the best that you can be, not being better than anyone else," Luzzo said.

Employment assistance counselors, like **Tricia Branchaud** at Directions EAP, train bosses and managers to focus on team building and recognizing the value of unique individual skills.

She works with individuals to quell the stress and anxiety of "I'll never be good enough" and builds upon skills, confidence and self-esteem so people can give their peak performance.

Personal trainers like Harmon and **Gary Bredehoft**, owner and trainer with Tiger Coaching Personal Fitness, help people distinguish between reality and fantasy by setting and working toward personal goals.

And they mark the line between right and wrong. Sure, you can cheat. You might even get away with it.

But ...

"I ask people: If you are going to cheat, how are you going to live with yourself

and say you are the best when you know you did something you were not supposed to do? When you reach that level, you want to know you did the hard work, you did it the right way, and be satisfied with knowing you did it right," Bredehoft said.

JA stresses to youth that all the hard work and effort is for naught if there "are not strong core ethical values underlying that core."

So how do you find your personal best? How do you become satisfied with your effort and achievement?

It's tricky, Branchaud said.

For many people, that understanding comes only after a life-altering event — counseling, serious illness, near death experience, Bockoven said.

It's a matter of knowing yourself. Of knowing joy comes from within, rather than joy from acquiring.

"Our ideas of what will make us happy are really quite wrong most of the time," Bockoven said.

We tend to think we will be happy once we get the new car, the new office, the raise. We expect that happiness to be enduring and profound.

"Time and time again we find it is neither longstanding nor profound," Bockoven said.

"Happiness is more of an inside job," he said. We need to define it for ourselves and find it for ourselves, he explained. We need to find our own sense of satisfaction and be content with it.

"It is the process of waking up to the impact we may be having on ourselves," Bockoven said. "We put ourselves under pressure and our children under pressure. Everybody is in this trance of being

the best, being smarter, being better, being the one to shine and being the national champions."

People need to set their own "best" standards, Branchaud said.

That's what the truly accomplished people of the world do, she said.

"They compare their progress with themselves, not other people. They are continually striving for their own personal best, whether they are a marathon runner or Nobel Prize winner." ■



2009–2010 Leadership & Managerial Excellence Interest Group Committee

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'The Women's Forum — A Leadership Panel Discussion for Women by Women Who Made It to the Top'

by Laura M. Kelly, CPCU, AIC, AIS, ASQ, CQIA



Laura M. Kelly, CPCU, AIC, AIS, ASQ, CQIA, is director of best practice compliance/insurance industry liaison for Goldberg Segalla LLP, overseeing the firm's compliance and quality department. Kelly's past experience includes 16 years in the insurance industry in roles as a claims adjuster, claims supervisor and litigation manager. She is chair-elect of the Leadership & Managerial Excellence Interest Group Committee and secretary of the CPCU Society's Northeastern New York Chapter, among other leadership roles. Kelly is also an active member of the American Society for Quality.

The Women's Forum conducted at the CPCU Society's 2009 Annual Meeting and Seminars in Denver was the first program of its kind in the CPCU Society's 65-year history. It brought together an impressive panel — the only four women who have served as president of the Society since its inception in 1944. **Anita Z. Bourke, CPCU, CPIW; Betsey L. Brewer, CPCU; Marsha D. Egan, CPCU, CPIW, PCC; and Millicent W. Workman, CPCU, CRIS, AU**, discussed issues impacting the careers of professional women in the insurance industry and shared personal experiences of the challenges they overcame along their respective paths to career success. I had the honor of moderating the forum and was extremely impressed with the experience, coming away with many words of wisdom from these four exceptional women.

The program was well attended and a definite highlight of the Annual Meeting and Seminars, as evidenced by the highly positive responses from attendees. The forum was developed to be interactive, with the goal of providing participants an arena for open discussions about issues that affect their careers — allowing

everyone to share experiences and seek advice from others.

We opened with a simple inquiry to all four panelists about how they actually arrived at where they are today. This offered a unique opportunity to learn firsthand how each of their distinguished careers progressed over the years. It was clearly apparent how supportive these four women are of each other and that genuine friendships have developed through their common bond as CPCU Society leaders.

Through their personal experiences, it became evident just how far the insurance industry has come. Throughout its history, there were times when some individuals believed the CPCU designation should not be considered an option for women. Typically, this was at a time when it also was not widely acceptable to be a professional working mother with a career that required travel away from home.

Over the course of two hours, many issues were tackled, based on direct questions posed to the panel as well as written submissions. Not all of them could be addressed, but we had the opportunity to touch on many challenges that women struggle with today. Those issues include:

- Successful and effective networking.
- Dealing with politics and personality clashes at the office.
- Striking a healthy balance between career success and family life.
- Finding harmony with co-workers who may be threatened by the career success of others.

The panel also offered valuable suggestions on recruiting and supporting more women in leadership ranks within the Society. In addition to these insights, the panel shared advice for professional



The Women's Forum panel provided a unique opportunity to learn more about the Society's female leaders. From left: Marsha D. Egan, CPCU, CPIW, PCC; Anita Z. Bourke, CPCU, CPIW; Betsey L. Brewer, CPCU; and Millicent W. Workman, CPCU, CRIS, AU.

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'The Women's Forum — A Leadership Panel Discussion for Women by Women Who Made It to the Top'

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The Women's Forum at the Annual Meeting and Seminars in Denver, Colo., provided a dynamic and interactive experience for its more than 90 attendees.

development based on the activities that helped them personally. One suggestion was to join Toastmasters International, a not-for-profit organization that helps its members increase mental focus and strengthen communication skills. Another idea was to find a mentor who shares similar values. A mentor may be a "mental mentor" and someone that you wish to emulate without his or her even knowing it.

Another theme that clearly emerged during the forum was risk taking. **Melissa A. Miller, CPCU**, came away from the program with the following take-home message: "Don't be limited by your fear of new jobs, new locations or new people when you progress through your career. It is those times that you stretch yourself outside of your comfort zone that allow you to really grow."

In addition, **Elizabeth A. Carter, CPCU, MBA, AIS**, shared, "Two of the many things I heard that I will remember were 'never give up your integrity' and 'be true to yourself.' In an industry that is still considered the Good 'Ole Boy Network, I think we as women struggle to balance

our lives and commitments with this. We are eager to excel our careers and be recognized, and sometimes we make decisions because it is politically correct or for the greater good of the company, but not necessarily what we feel in our hearts. We have to continually remind ourselves that we are great leaders, and as we internalize our actions and decisions, that we have done it for the right reasons. I thank Anita, Marsha, Betsey and Millie for their insights, and I applaud them for their accomplishments. They have proved that we can excel at *anything!*"

"Don't be limited by your fear of new jobs, new locations or new people when you progress through your career. It is those times that you stretch yourself outside of your comfort zone that allow you to really grow."

To sum up the positive reaction of the attendees, one question card submitted had the following comment: "This session was so important to all of us in the audience who are working at managing our careers. We learned from your tips and pearls of wisdom. Thank you. This is important stuff."

The forum concluded with the selection of four audience members who now have the opportunity to take advantage of a free half-hour coaching session offered by one of the four panelists. A few closing words worth noting included: "Be true to yourself;" "Be loyal to your employer;" "Learn all that you can;" and "Never compromise your integrity."

I would like to personally thank Anita, Marsha, Betsey and Millie for sharing their personal experiences and for making The Women's Forum such a successful event in Denver. It was obvious how much they genuinely enjoyed working together on the panel, and it is also apparent that each one of them is committed to cultivating women as future leaders in the insurance industry and within the CPCU Society. ■

Keys to Mentoring Explored at Annual Meeting and Seminars

by Carol G. Blough, CPCU, CLU

Carol G. Blough, CPCU, CLU, currently is an underwriting section manager for State Farm's Northern California Operations Center. She began working for State Farm in 1988 in Southern California. In addition to property-casualty, Blough also has experience in the life/health and public affairs areas for State Farm. Previously, she was a real estate broker for eight years in Southern California. Blough graduated with a bachelor's degree in business and finance from California State University. She earned her CLU in 1992 and her CPCU in 2001. Blough also maintains a California property-casualty license through State Farm.

"Behind every successful person there is one elementary truth — somewhere, somehow, someone cared about his or her growth and development. That person was a mentor."

—Anonymous

At the recent CPCU Society Annual Meeting and Seminars in Denver, the Leadership & Managerial Excellence (LME) Interest Group presented "Mentoring for Success." **Kimberly A. Sterling, CPCU, CLU, ChFC, AIM**, an auto operations manager with State Farm in Ballston, N.Y., helped participants achieve an understanding of how organizations and individuals can benefit from effective mentoring relationships.

In addition to the mentoring work she currently is doing at State Farm in partnership with Siena and Skidmore Colleges, Sterling's organizational leadership and mentoring experience has included working with the Women's Initiative for Self-Employment, the Girl Scouts of America and the American Red Cross.

At the seminar, she shared findings from research conducted by both Skidmore and Siena. It's been found that smart, successful people tend to seek out mentors. Mentors help them shorten



"Mentoring for Success" seminar attendees explored how mentoring can fuel career advancement and build meaningful lifelong relationships.

their learning curve by accessing the wisdom, knowledge and experience of others who have gone before them.

Mentors enjoy fulfillment, skill development and the ability to give back. And they develop a broader perspective. Mentees often achieve higher self-esteem, improved skills, an opportunity to network and receive candid advice from their mentoring relationships.

At the seminar, we learned that mentoring has something to offer everyone. For example, not just management-level employees can be mentors. And some of the most effective mentoring relationships are not about moving up, but rather growing professionally and personally. Getting connected needs not take a lot of time. It can be a brief phone call, e-mail or an hour-long meeting. The key is to design a relationship that meets your needs.

Research by Skidmore College showed that companies rely less on formal training and more on mentoring relationships to build skills, prepare employees for new job responsibilities and retain high performers. Several types of mentoring relationships were discussed in the seminar. Group, distance, one-on-one, and cross-generational relationships are all finding success in organizations. Reverse mentoring is also becoming popular, utilizing new, younger

employees as mentors with executive-level employees being mentees.

The Skidmore studies also found that four elements are critical to a mentoring relationship's success: matching, preparation, participant interaction and positive outcomes. It is important for the mentor and mentee to be part of the selection process and receive training prior to beginning the experience. Of course, the commitment of both parties to the relationship will also impact its success.

The real dynamics of the seminar came from the participants, who shared their own experiences with mentoring. Seminar attendees were easily engaged in discussions about mentoring programs in their own organizations. Some shared challenges they have encountered, while others provided possible solutions and best practices.



By taking part in a "speed mentoring" exercise, we finished the seminar with the opportunity to practice starting up a mentoring relationship. We had fun working through a mock first interaction and practiced defining what we were looking for in a relationship.

Sterling closed this motivating seminar by encouraging all of us to make a commitment to ourselves to become a mentor and/or a mentee. It is a great way to make a difference in your life and the lives of others. ■

Leadership & Managerial Excellence Group Goes for the Gold!

Eight Is Great — Keeping the Streak Alive ... Priceless!!!

by Kerry L. McGrath, CPCU, AU, AIS, CPIW



Kerry L. McGrath, CPCU, AU, AIS, CPIW, has been in the insurance industry for 31 years. Her experience includes personal and commercial lines underwriting as well as marketing. Prior to her current position as senior branch marketing director at Acadia Insurance Company, she held the position of commercial lines director.

The Leadership & Managerial Excellence (LME) Interest Group was awarded Gold Circle of Excellence recognition at the CPCU Society's 2009 Annual Meeting and Seminars in Denver, Colo. The LME Interest Group has achieved the gold level each year since 2002!

What is the Circle of Excellence (COE) Recognition Program? The COE Program was created by the Society in 1999 and recognizes chapters and interest groups for their efforts to achieve specific performance benchmarks. Based on submissions that document and track activities, chapters and interest groups can earn bronze, silver or gold recognition each year.

Six Reasons to Participate in the Circle of Excellence Recognition Program

According to the Society's Circle of Excellence Guide, the COE Program helps:

- (1) Deliver value and services to your members in the areas of visibility, positioning members for success and stewardship of chapter or interest group resources.
- (2) Provide direction for the year and is an excellent planning guide.
- (3) Support the Society's Strategic Plan. The Circle of Excellence provides a blueprint to align chapter and interest group efforts with the Society's efforts in each area of emphasis.
- (4) Focus your efforts. The activities are good suggestions for projects and programs, and facilitate delegation and accountability.

(5) Earn recognition for your chapter or interest group. Chapters and interest groups are recognized at the Annual Meeting and Seminars, in *CPCU News* and *e-LINK*, on the Society Web site and on their respective chapter and interest group Web sites. Chapters are given a plaque to display at chapter meetings.

(6) Write your chapter/interest group's history! The Circle of Excellence report is an excellent record of your achievements for the year. It can be a wonderful resource for future leaders and those who are interested in tracking activities and progress over time.

COE goals are aligned with the CPCU Society Strategic Plan, which encompasses a Core Purpose of being a dynamic community of professionals dedicated to helping each other achieve career success and embracing Core Values of integrity, mutual support, diversity of views, professional excellence and knowledge-based skills.

Goal 1

Make CPCU the most widely recognized, valued and highly respected professional designation/brand in the property-casualty insurance industry by CPCU employers, industry practitioners and other important audiences.

Visibility

- Connections visits.
- Candidate development.
- Grassroots campaigns.
- Ethics activities.

Goal 2

The CPCU Society and the American Institute for CPCU are working together



At the Annual Meeting and Seminars in Denver, Colo., chapter and interest group representatives attend a special Circle of Excellence (COE) Luncheon, where CPCU Society officers recognize all COE winners.

to assure that the CPCU experience is so valuable that a growing number of people are compelled to earn the CPCU designation and join the CPCU Society.

Member Success

- Keeping members technically proficient.
- Leadership and professional development.
- Career management.

Goal 3

All Society members have access to a continually increasing number of programs and services that position them for success.

Stewardship

- Planning.
- Member recognition.
- Member networking.
- Administration.
- Education support.

The Leadership & Managerial Excellence Interest Group Committee members are pleased to have earned gold level recognition for 2009. Be sure to reach for the gold for your chapter or interest group.

Additional information regarding the Circle of Excellence Program can be found on the CPCU Society's Web site, www.cpcusociety.org, under either "Chapters" or "Interest Groups." ■



Emerging Issues for Today's Insurance Professional

by Laura M. Kelly, CPCU, AIC, AIS, ASQ, CQIA

In today's rapidly changing world, it is critical that insurance professionals stay abreast of new developments, understand the effect those developments have on the insurance industry, and remain prepared to respond to those issues when they arise in their day-to-day activities at the office. The Leadership & Managerial Excellence Interest Group was proud to sponsor "Emerging Issues for Today's Insurance Professional" at the 2009 Annual Meeting and Seminars in Denver. The program was well attended, with an audience that filled the room to capacity.

Richard J. Cohen, J.D., managing partner of Goldberg Segalla LLP and co-chair of its Global Insurance Services Group, discussed several of the most current and significant issues affecting the insurance industry — most notably in the areas of green construction, Chinese drywall and reinsurance. This article will highlight those topics, as discussed in Denver.

The Issues and Their Significance

Green Construction

The industry for green construction has increased significantly over the past several years. In 2005, there was approximately \$7.4 billion invested in green construction, and that is estimated to increase to \$19–38 billion by 2010. The benefits to going green include an increase in the efficiency with which buildings and their sites use

energy, water and materials, and reduce building impacts on human health and the environment. However, along with the advantages to green construction, a number of claims have resulted.

Cohen addressed a number of questions that might result in litigation when going green goes wrong. What happens if a building does not achieve green certification or the building is not certified at the level that was requested? What if, for example, subsequent to completion, the building is not certified as green? What if the building does not obtain a platinum-level certification? Who is responsible for maintaining the building's green status if standards change? Is the architect or engineer responsible for maintaining the designation for an undisclosed period of time, and does the failure to do so create a cause of action for negligence?

Given the nature of this expanding marketplace, there are two general issues insurers must anticipate. First, consideration must be given to the inevitability of malpractice claims arising out of green construction, or more likely, failed green construction. Second, current professional liability policies, as written, must be examined to assess whether they provide proper coverage and/or limit an insurer's exposure for potential green build claims. Cohen walked the audience through a very interesting hypothetical that addressed the expected insurance coverage issues arising out of these very questions.

Chinese Drywall

Chinese drywall was imported to the United States primarily between 2004 and 2006. In 2006, there was a significant demand for imported drywall manufactured in China for post-Hurricane Katrina reconstruction. More than 500 million pounds of drywall imported from China have been used in



construction — most notably in Florida and the Gulf states, but elsewhere as well.

The lawsuits being filed against manufacturers, distributors and home-builders for the alleged production, sale or use of purportedly defective Chinese-imported drywall will result in numerous claims being filed with insurers by policyholders seeking defense and indemnification for alleged damages resulting from such production, sale or use. Furthermore, it is anticipated that there will be numerous claims under homeowners' policies for the alleged damage to homes.

Insurers are currently attempting to address the various coverage issues pertinent to these product-liability-type claims. Cohen discussed the fact that suits between insurers and their insureds are beginning to dot the landscape, and discussed the issues that he believes we are most likely to see as these cases get litigated.

Reinsurance

Cohen brought to the audience's attention a recent and highly anticipated



decision by the House of Lords — *Lexington Insurance Co. v. AGF Insurance Limited et al* [2009] UKHL 40 (July 30, 2009) — that will no doubt have wide-ranging implications for reinsurers and cedents alike. By way of background, Lexington Insurance Co. (“Lexington”) issued a property damage and business interruption policy to Alcoa. The policy had a three-year period, from July 1, 1977, until July 1, 1980. The policy did not have an express choice of law provision; however, it contained a United States Service of Suit clause. Lexington, in turn, obtained facultative reinsurance based on the same terms and conditions as the underlying policy. The reinsurance policy, similar to the underlying policy, did not have a choice of law provision but contained the same United States Service of Suit clause. The policy also contained a follow-the-fortunes/follow-the-settlement clause.

In the underlying action, the U.S. Environmental Protection Agency (EPA) demanded that Alcoa clean up several of its properties. Given that the pollution was over a course of more than 30 years, a declaratory action was initiated against Lexington and other insurance carriers regarding their respective coverage obligations pertaining to the cleanup. The Supreme Court of the State of Washington, applying Pennsylvania law by reason of the Service of Suit provision, concluded that each of the insurers was “joint and severally” liable for the all cleanup costs of the polluted sites “regardless of whether or not that pollution damage actually occurred during the policy period.” Given that some of the other insurance carriers absolved themselves of liability due to applicable exclusions, Lexington was potentially responsible for the entire \$103 million in cleanup costs. In other words, Lexington was responsible for all damage that occurred before and after the policy was in effect. The reinsurer declined to pay the amount



Houses of Parliament, London, England.

and commenced this action in the U.K. to determine its respective reinsurance obligations.

In deciding the reinsurer’s obligations, the House of Lords explored whether United States law or English law applied. While conceding that U.S. law was referred to in the underlying and reinsurance policies, the court determined that English law applied to the construction of the reinsurance policy. As a result, the House of Lords explained that under traditional English law, the time period in which the policy was in effect is a binding provision, which should be enforced by the parties. Therefore, under customary reinsurance principles, the risk the reinsurers accepted was for the time specified in the policy, not the entire risk itself. Additionally, the House of Lords looked at whether having a follow-the-fortunes/follow-the-settlement provision in the reinsurance policy would expose the reinsurer to a risk beyond the policy period. The House of Lords declared that simply containing a follow-the-settlement provision did not expand the scope of the risk beyond the policy period. As a result, the House of Lords rejected the Supreme

Court of Washington’s decision and declared that the reinsurer’s exposure was limited to the time period of the policy.

If you are interested in a copy of the handout and PowerPoint for this session, please contact me at lkelly@goldbergsegalla.com. ■

Task for Today ... Become Immortal

by Donald J. Hurzeler, CPCU, CLU



Donald J. Hurzeler, CPCU, CLU, retired in 2008 after an insurance career that spanned some 40 years. As an officer with Allstate Insurance, Reliance National Insurance and Zurich Financial Services, he held positions such as chief underwriting officer, chief marketing officer, president of a charitable foundation, member of the board of directors, and CEO/president of a middle market insurance operation. Hurzeler was the 2004–2005 president of the CPCU Society. He is the author of *Designated for Success* and has just completed writing a second book.

I challenge each person who reads this article to become immortal. Sounds difficult, doesn't it? Kind of a super hero thing? Well, it is not all that difficult. You can and should take the steps necessary to become immortal. Here are some thoughts on how to do it.

Each and every one of us has gotten to where we are through the help of others as well as through our own hard work. We learned from teachers, coaches, mentors, role models and authors of books. And the net result is that we know stuff — important stuff that others can and should know. The trick is how will we pay it forward? How will we give others the kind of help and insights that have led us to whatever success we now enjoy?

The quick answer is that we help people at work and in our personal lives on a day-to-day basis. The problem is that this help stops pretty quickly when we do. When we walk out of the workplace for the last time or get carried down the center aisle of the church for the last time, our ability to help others often becomes the gift that no longer keeps on giving. It is over. Done. Finished.

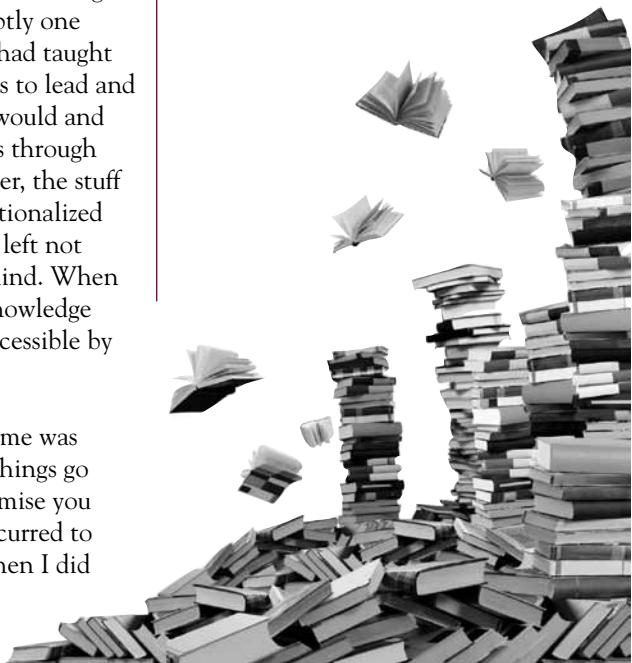
One of the smartest leaders and managers I ever encountered quit abruptly one day ... and that was that. He had taught dozens, maybe hundreds, of us to lead and to manage. And, yes, others would and did benefit from his teachings through those of us he taught. However, the stuff he knew needed to be institutionalized for all future generations. He left not one single written article behind. When he was gone, his extensive knowledge and wisdom was no longer accessible by others. What a loss!

One of the lessons he taught me was to "suspect yourself." When things go wrong, suspect yourself. I promise you ... that thought had never occurred to me prior to his teachings. When I did learn to suspect myself, I got good at examining the

communications preceding a failure and often found that my communications had not been clear. (Kind of sounds like part of the quality process doesn't it?) It became a very valuable lesson in my business and professional life. It taught me to be a better boss and a better human being — a great lesson that everyone needs to learn.

You are vested in an interest group devoted to leadership and managerial excellence. That alone tells me you are always looking for best practices and ways to foster continuous improvement. So, here follows a best practice that can advance continuous improvement — one that you personally can start on right now.

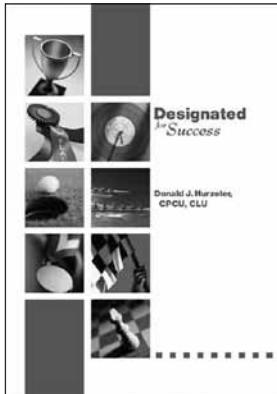
Write down the stuff you know and you think everyone should know. Yes, you probably got it from someone else. Give that person credit if you know who first introduced you to the concept or idea. Keep the writings in a folder, either an electronic one or an old-fashioned paper file. Visit the folder from time to time and add any new insights to your notes. Over time, you will build up the framework





for a book. When you get to that point, contact me. I will help you write the book. Once the book is written and published, you, my friend, are immortal.

I have written two books. The first one, *Designated for Success*, was published and is now sold out. The second, *Twenty-Four Carat Careers*, has been completed and edited and is awaiting a publisher. So, let me just mention that first book for a moment.



When *Designated for Success* first came out, I got e-mails from readers just about every day. It is now four years later, and I still get e-mails at least every

week. The book has a life of its own, as it gets passed from reader to reader. I am happy to know for sure that some of the wisdom I gained during my 40 years in business has been put into a format that has already outlasted my career (I retired a year ago) and will also outlast my time here on earth.

So, the one and only person who can make you immortal is ... you. Write down those insights. Keep a file and update it on a regular basis. Don't worry about

whether you are a good writer or not. (You can deal with that later on.) And I am serious, if you want to turn your insights and ah-ha's into a paper or book — something that will pay forward the investment that others made in you — drop me a note at djhzz@aol.com, and I will get you on your way.

You have very valuable lessons to teach and to leave for others. Give serious thought about how you will do so. This is how we advance — each of us standing on the shoulders of those before us. Start that file today, and in the words of that great American philosopher, Larry the Cable Guy, "Get 'er done." ■

Lessons from GM's Bob Lutz on Marketing, Selling and Customers

by John R. Graham



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Editor's note: This article is reprinted with the permission of Graham Communications. It first appeared in the November 2009 issue of the Underwriting Interest Group newsletter, whose editor, **Gregory J. Massey, CPCU, CIC, CRM, ARM, PMP, CLCS**, introduced the article in the newsletter as follows: "In it, John Graham discusses often overlooked, or taken-for-granted, areas within our business. Many insurance companies employ best practices with respect to financial metrics scorecards; however, to tell a company's entire story, a balanced scorecard approach that also measures success relative to marketing, selling and customer relationships should be used. Graham raises awareness about these "other areas" by sharing lessons learned from General Motors' Robert A. Lutz, the company's current vice chairman responsible for all creative elements of products and customer relationships."

This is about the three most important words in business today — marketing, selling and, most important, customers.

The scenario is simple: Customers have changed, while marketers and salespeople are struggling to figure out what's happened — and is happening.

Nowhere, perhaps, is the scene more dramatic than at General Motors Co. With a litany of customer dissatisfaction, a Neanderthal corporate culture, descending sales and an embarrassing bankruptcy, the company's "vice chairman," 77-year-old **Bob Lutz**, abandons his retirement plans (again) and leaves his product development position, only to turn up as GM's chief marketer.

If nothing else, such a scenario dramatizes the incredible impact the state of the economy is having on business.

The GM/Bob Lutz story has implications for every business in our post-recession world, one that has to do with marketing, selling and customers.

1. Marketing is in Near Total Disarray.

When Bob Lutz arrived back at GM a decade ago, he said (in no uncertain terms) there was something wrong with GM's vehicle line-up and his job was to fix it. While the reviewers now give most GM cars high marks, the sales fail to reflect consumer confidence. Now, Bob makes it clear that there's something wrong with the way GM is advertising its products.

Why he is upset is no surprise. A few years ago, he gets the Chevy Malibu ready for the road and the marketers come up with a bizarre advertising theme: "The car you can't ignore." It didn't take an expert to figure out what would happen. Of course, consumers took the bait — and ignored the Malibu.

As GM's new head marketer, Bob recently delivered a devastating body blow to Buick's marketers when they told him a new Buick TV commercial had "tested well." That's when he gave them a page out of Marketing 101: Just because an ad tests well doesn't mean it's an effective ad.

Demonstrating how far off the mark marketers are today, a Buick VP commented to *Advertising Age* on the TV spot this way, "The pretesting landed in the 'top quartile' for originality and breakthrough work." As Bob might say, "So what?"

This is why marketing is in disarray. The legendary marketer **Jack Trout** points out that "chief marketing officers have shorter tenures than NFL coaches," most of them less than two years. Why? According to Trout, part of the answer can be found in an Anderson Analytics survey of a large group of "senior marketing executives." When asked to rank the marketing concepts they give most attention to, the responses are revealing: customer satisfaction, 88 percent; customer retention, 86 percent; segmentation, 83 percent; competitive intelligence, 82 percent; brand loyalty 82 percent; search-engine optimization, 81 percent; marketing ROI, 80 percent; quality, 79 percent; data mining, 78 percent; and personalization, 79 percent.

No wonder marketing (and marketers) are in trouble. An ad may test well, but does it sell cars? It appears that too many marketers are more interested in defending their decisions than connecting with customers.

2. Messed-Up Selling.

The business of selling is just as messed up as marketing. The images of a road warrior and "the hunter stalking the prey" continue to influence the thinking and behavior

of salespeople, who are practitioners of what may be the world's most narcissistic profession. Simply put, too many salespeople have one favorite subject — themselves.

This seems to be what Bob Lutz and others have found at GM. It had become a company focused on serving itself. In good times, salespeople — who think every sale is due to their incredible skills and carefully cultivated relationships — should be treated as heroic figures deserving endless praise and impressive rewards. In bad times, they blame others for their lack of success.

One wonders why selling seems to attract the wrong people. As contrarian as it might be, what would happen if companies, including auto dealerships, hired social workers? Many salespeople will be quick to say, "That's just plain crazy." That's what I felt — until I came across a comment by a social worker, **Rob Plotkin**, who is also an entrepreneur. On his blog, he writes, "Social workers make great salespeople, believe it or not. Why? They listen first. Sell later."

Salespeople can be so totally focused on wanting to make the sale they fail to listen to buyers. So absorbed in what they want to accomplish, they actually alienate customers, which may explain why the average salesperson's closing rate is about 20 percent.

Plotkin is on target when he says, "After all, isn't a good therapist selling something besides his or her time? At its basic level, therapists are selling mental health." And then he adds, "They are selling themselves as the conduit for the person to find solutions." That may be the most accurate definition of a salesperson.

3. Fickle, Frightened and Frustrated Customers.

Customers not only come in all sizes, shapes, ages and income, they come with a variety of mental images. Even though Chrysler products have long been at the bottom of the reliability charts, the company struck gold (at least for awhile) with the "chopped look" of Chrysler 300 and Dodge Charger with their Hemi® engines. When BMW adopted "The Ultimate Driving Machine" tagline in 1974, its sales ballooned from 15,000 annually to more than 260,000 in 2005.

In the same way, many a "McMansion" was sold to willing buyers who could ill afford the monthly payments, but who had a vision of "the American dream." One car dealer reported that customers bought "loaded" trucks at prices exceeding their annual income. Not surprising, an unemployed 56-year-old man with a bleak job future said recently that he didn't know what he was thinking about when he bought his truck. Whatever went through his mind when buying the truck certainly wasn't a need for it.

What caused this truck owner to change his thinking? Protracted unemployment. It was the basic change in his economic situation. He had come face-to-face with facts, not fantasy.

The explosion in consumer acceptance of "store brands" indicates the nature of the change in the



customer mindset. Long looked down on, store brands are pushing popular brands off just about every shelf.

Today, "the ultimate driving machine" may well be "the reliable driving machine." Across the board, customers are experiencing what might be called "a value assessment and realignment." **David Kent** of The Right Group offers clarity when he states, "Providing more for less is what today's customers expect, if not demand."

It was none other than Bob Lutz who got it right when he said, "We have to reconnect with this depressingly large part of the American public who won't give us consideration."

That's the task of business today.

If we didn't have a Bob Lutz, we would probably need to create him. He's what our country is all about. He tells us to take a risk, stop the meetings, forget about the "process," cut out consensus and all the play-it-safe "team" stuff, quit defending ourselves — get the job done.

William Pike, the hero of his historical novel at the time of the founding of the nation says, "We might be dreamers, but we have to be doers, too. So we get up in the morning, we go to work and we solve our problems." That's what Bob Lutz is all about. And I'll bet, "I did it my way," the old **Frank Sinatra** favorite, works for Bob, even though the words may be politically incorrect.

Well, someone got smart and put Bob in charge of GM's communications. What a hoot! As Bob said in a recent *USA Today* article, "I do believe we have to be much bolder and much more self-aware, and in some cases, more controversial or willing to tell it like it is rather than putting out a more sanitized version."

Let's hope Bob wins big. If he does, we all do. ■



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Volunteer Leaders, Rising Stars to Gather in Phoenix

The CPCU Society's current and emerging leaders will focus on strategic issues affecting the Society and your chapter at the 2010 Leadership Summit. The conference will be held on April 29–May 1, 2010, at the Pointe Hilton Squaw Peak Resort in Phoenix, Ariz.

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