

Chairman's Corner

by Dick Vanderbosch, CPCU, CLU, AIS



Richard A. Vanderbosch, CPCU, CLU, AIS, graduated from Western Michigan University before embarking on a 36-year career with State Farm Insurance. When he retired in January 1999, he was director of data management services at corporate headquarters. Vanderbosch lists among his greatest personal achievements being named a CPCU Society Standard Setter in October 1998. Following a stint as a leader of the CPCU Society's Central Illinois Chapter, and prior to joining the Senior Resource Section Committee, he chaired the national Intra-Industry and Continuing Education Committees.

With summer right around the corner, our minds and bodies take on a new dimension of thoughts and activities. Our focus may go from snow skiing to golf. For some of us who may not be as athletically inclined, it may go from indoor activities, such as reading or writing, to outdoor activities, such as working in the garden or strolling in the park. Whatever our leisure interests might be, many times they change with the seasons.

Sunny skies, warm temperatures, and a cool breeze are just the right combination for a "lazy day of summer." Taking time off from our busy schedules, whether an hour or a day, provides a great opportunity to relax, meditate, reminisce, or just close our eyes and daydream! Quality moments like this, while seemingly trite, can do wonders for a person and achieve a renewal of one's overall mental health. It helps to reduce stress, and clear some of the clutter from our thought processes. It gives us a chance to catch our breath and start fresh the next day.

Lazy days aren't just limited to summer. They can be found just as well in the spring, fall, and winter. The setting and focus might change slightly, but the opportunity to relax can occur anytime we make a conscious effort to let it happen.

What makes these days or times so important and valuable? For one thing, it relaxes our bodies and our

minds. It gives us a break from the physical and mental rigors of life. It also gives us a renewed sense of self-worth by providing time to focus on ourselves and our own personal priorities. Without this "down time" or "lazy days," we may tend to overlook some of the most important things in life. Taking the time to identify these things can help to find fulfillment in some of the best years of our lives.

I have purposely tried not to put specific situations in this article because your situation and mine may be totally different. But, by filling in your interests and priorities, I think you will be able to identify with the results. If you've never experienced that "lazy day" or "lazy moment" to relax and focus on yourself, pick a time and a day and try it. Then build it into your life as a regular routine—you'll be glad you did! ■

...until we meet again!

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Editor's Corner

by James L. Kirschbaum, CPCU



■ **James L. Kirschbaum, CPCU**, has experience spanning more than 50 years, which has been uniquely varied. He started in accident and health and employee benefits, and was the CEO and chairman of an insurance holding company and two insurance companies. Kirschbaum has served as the director of two major financial services companies, a reinsurance company, an independent agency, a managing general agent, and as a member of three risk management committees, including the United States Olympic Committee.

Kirschbaum served as the 1986-1987 CPCU Society president, and currently serves as the editor of *SRQ*.

The well of potential articles is starting to dry up, hence your help is needed to replenish the supply. If you have any ideas or actual potential input let's hear from you.

One suggestion that has already been made is to include updates on what fellow seniors are doing, how they are feeling, etc., etc. This sounds like a real good idea since this was the

very way our section first started. Let's hear from you either about yourself or a fellow CPCU. ■

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Identity Theft

No problem! Won't happen to me! Unfortunately no one can say this. Identity theft continues to proliferate, and no end is in sight. Thieves have found it is as lucrative as robbing banks and far less risky and dangerous. Its estimated victims now spend an average of 600 hours and \$1,400 trying to recover from the crime—an increase of approximately 300 percent more time and 185 percent more money than three years ago.

We plan to run another risk management article on the subject in the next issue. It would be very interesting and helpful to report on specifics, so if you have had any experience or suggestions, please let us hear from you. ■



Amazing Agency Antics

by Billy L. Akin, CPCU, ARM

Billy L. Akin, CPCU, ARM, has more than 50 years of insurance experience, including 30 years with an insurance company, followed by affiliation with an excess and surplus lines agency. For the last couple of decades, he has been involved in litigation assistance and expert witness work, while now enjoying some retirement time. A 45-year active member of the CPCU Society's Mid-Tennessee Chapter, he has served as president and on various committees. He has served on the Senior Resource Section Committee, and helped prepare several seminars. He can be reached at (615) 826-7294 or bakinpcos@aol.com. His web site is www.pcandsinc.com.

Editor's note: This article is intended as an initial building block to help us become better risk managers of our own accounts—in particular our personal lines. Many, many changes—including restrictions—have recently occurred and have often gone unnoticed and/or unaddressed. If you have any personal experiences and/or suggestions, please send them in.

Remember the old song containing the lyrics . . . “I’ve looked at clouds from **both** sides now”? At this point, I’ve looked at insurance agents from **five** sides: as a consumer, a company underwriter/representative, a wholesale excess and surplus lines broker, a retail agent, and now as a litigation consultant. Most experience has been with independent agents and their associations, and typically been very satisfactory. However, when a glaring exception comes along, it is not a pretty sight. The two

most dreaded alphabet letters for an insurance agent are the letters E and O! When thinking back over some of the situations that have come to my attention, it is surprising that there are not more error and omission legal actions than there are.

Perhaps you will find some “war stories” from my recent litigation consultant/expert witness experiences to be interesting, if not amusing. Whether you are or have been an agent or merely deal with one, hopefully you will find in the stories some warnings of attitudes, actions, and procedures to avoid. Names were changed to protect the innocent . . . and the guilty; but it is difficult to keep out some personal opinions/convictions.

First, was agent **Mr. So What!** Mr. What well knew the insured buildings were substantially occupied but (after looking at the completed building rates and premium) advised it best to continue builder’s risk coverage for six months. Mr. What evidently thought, if at all, “so what if the building contractors on the premises have been replaced by a hazardous manufacturing process.” In the eyes of some, this extension of builder’s risk coverage may have been the best, but it was not in the eyes of the insured when a huge fire occurred four months later . . . with **denial of coverage** based on the builder’s risk policy provisions concerning occupancy. It did make a difference.

Then there was an agency we shall call **Not Careful Enough, Inc.** that placed a huge liability account with a carrier that subsequently became insolvent. This act took place despite warnings about the company and instructions distributed within the agency about potential financial

problems. The agency notified other insureds placed with this carrier and replaced them with financially sound companies. With agency personnel changes and communication breakdowns, the first the insured knew of a carrier problem was when a tremendous liability claim was reported. Complicating the problem was the fact the policy was written on a “continuous” basis with no specific expiration date, so long as premiums were paid, etc. As in the children’s fairy tale rhyme, when old Mother Hubbard (the insured) got to the cupboard (the insurer), the cupboard was bare (broke).

Then there was the “self-proclaimed” insured, who felt he had coverage as soon as his agent, **Mr. Professional**, sent his application to an E&S carrier. This account historically was in the excess and surplus lines market, and evidently there was no indication by the agent it was bound. The applicant, who had a past of questionable legal activities and at least one fire of suspicious origin, assumed coverage was automatically in place, with no questions asked. Prior coverage had been properly non-renewed and the agent had volunteered to search elsewhere for coverage. Within hours after the would-be insured had the discussion with the agency, he unknowingly left North America with no way to be contacted. His estranged wife was seemingly unconcerned about insurance matters.

You can probably guess “the rest of the story.” A few days after the original homeowner policy expired and with the agent frantically attempting to get in touch with

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Amazing Agency Antics

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someone about the rejection of the application, a large loss occurred. What else could the agent have done to prevent this unfortunate situation? Most obvious he should have been more specific about no coverage being bound and by making a written notation in his file and to the "would-be" insured.

A case involving an agent we shall call **Mr. Non-Technical** is typical of the way some agents fail to meet a proper standard of care. Mr. Non-Technical had known and worked with the family of this insured for many years. Although he knew an automobile was being purchased and paid for by a family member, this person was added as an additional driver, rather than an additional insured. According to the provisions of the policy, which Mr. Non-Technical had sold for many years, the uninsured motorist coverage did not apply to "additional drivers" but only to "named insureds." When a son of the "additional driver" was killed by an uninsured motorist, the



company denied (properly in my opinion) coverage under its policy. Mr. Non-Technical never mentioned these policy provisions, even if he knew they existed, in spite of their obvious significance. This is an example of an insured not being able to depend upon his trusted agent.

Another case involving uninsured motorist coverage was brought about by the actions (or lack thereof) of an agent whom we shall call **Ms.** **Watch Me Closely.** The insured was insurance illiterate and heavily relied on her agent of many years to protect her assets. Previously, the insured

had been involved in an accident and was aware of how a seemingly small incident can result in a huge financial loss. She had specifically asked the agent to see that her policies were there to protect her assets, and be certain that limits were very high, hence the agent arranged for an umbrella policy "to properly protect her assets." Although uninsured motorist coverage was discussed, and this coverage was on the primary automobile policy, the agent failed to place this coverage on the new personal umbrella. A few months later, the daughter of the insured was killed by a negligent uninsured motorist. Enter, the lawsuit, against the agent.

So, all of us are encouraged to beware of what might go wrong, and let's all learn by experience, even by the experiences of others. Someone wisely observed: "He who fails to learn from his mistakes, makes them a noose around his neck and stumbling block to his path." ■

Burma Shave Memories

by John L. Crandall, CPCU

History of our pre-interstate highways would be incomplete without mention of the omnipresent signs touting Burma Shave. Our two-lane highways in the '30s and '40s were resplended with these series of five, small red signs with white letters. The signs were about 100 feet apart. The first four contained one line of a four-line couplet—the fifth sign advertised the popular shaving cream of the time—Burma Shave. Here is a sampling!

*Don't lose your head
To gain a minute
You need your head
Your brains are in it*

*Drove too long
Driver snoozing
What happened
Next was not amusing*

*The one who drives
When he's been drinking
Depends on you
To do his thinking*

*Car in ditch
Driver in tree
The moon was full
And so was he*

*The midnight ride
Of Paul for beer
Led to a warmer
Hemisphere*

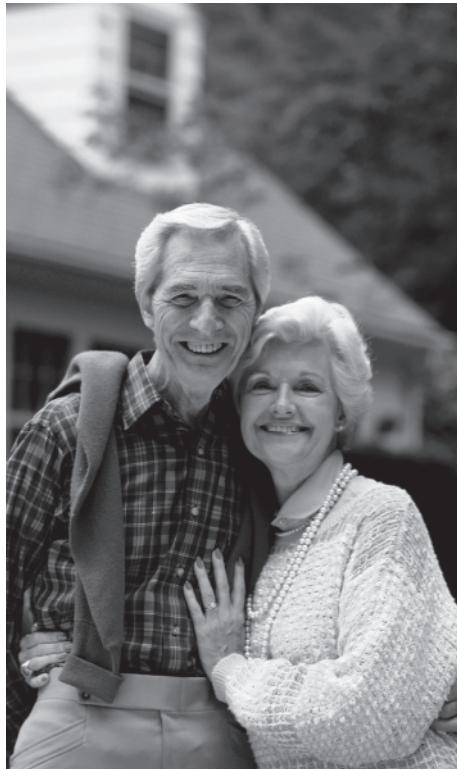
*Take it slow
Let our little
Shavers grow
Burma Shave*

Retirement Living

In our last issue, we reviewed hospice. This issue addresses another key subject confronting those in retirement, near retirement, or with family members or close friends in or near the first stage of the “golden years”—where and how to live. Concentration herein will be on the first phase of the “retirement era” or the period roughly between ages 55 to 70. There are tremendous variables by individual so, at best, comments will be very broad based. Also, the assumption will be we’re dealing with people who are no longer working full time and/or who have changed employment or careers or who plan to in the near future.

The first consideration is whether to move or stay put. The latter of course involves both location and dwelling. In the first few years, staying in the same location makes sense to many. Long-time social connections, familiar and satisfying surroundings, amenities, etc. are very important. The latter often proves more important than the rush to get closer to the kids. Weather is another major consideration—the most prevalent reason, to escape the cold of winter. For some the solution is to stay put and buy a second, usually much smaller, dwelling closer to kids or in a warmer climate to use on a seasonal basis. Second homes, commonly referred to as our cottage, cabin, or condo, are becoming very popular.

The best advice regarding **location** is do not rush, take your time, “test” a different location through a rental, carefully consider the housing element—both short and long range in new areas and look carefully at such factors as cost, services (especially medical) and conveniences—for example, proximity to a satisfactory airport.



While location is usually the prime consideration, the dwelling element itself goes hand in glove. Assuming staying put for a while as respects to location, do you want to remain in the same dwelling? Maybe with the kids gone it is now too large or there is too much yard or grass, or perhaps it is plain “tired.” Today there are a wide range of options.

Some decide to sell fast to take advantage of an inflated market. The problem with this is to find an affordable replacement if the decision is to remain in the same area. Many today are electing to stay put for at least several years and to remodel, including perhaps a new landscaping plan.

If the decision is to relocate, there are many options hence many decisions to be made. The factors mentioned above are critical. The most frequently mentioned negative is the loss of a long-time social structure. Another major question,

next to geographical location, is the type of community. Younger retirees often opt for a “regular community”—that is one with mixed age groups including young children, schools, and playgrounds. Others prefer an age-restricted community, typically requiring one person over 55, and no one under “x.” (in most cases you won’t be able to escape school taxes regardless). Security of all types is a major concern of most seniors, so many opt for gated communities—which is comforting, though not an outright guarantee.

Newer retiree communities often have incredible amenities e.g. club houses, golf courses, fitness facilities, hiking trails, softball diamonds, horseshoe pits, bocci courts, swimming pools, restaurants, clinics, guest rental units, etc., etc. Some of these facilities, usually golfing, are in part user-fee based but most are included—sometimes with a healthy monthly fee. Also many such communities are quite large with 2,500 to 10,000 units. Major considerations include the character and nature of the ever-present homeowners association—some have resulted in polarization on key issues, divisiveness, and general dissatisfaction. Fees are another potential negative. Seniors in general do not like surprises, so big dues increases and even assessments can be shocking. Covenants, conditions, and restrictions (CC&Rs) are usually required by law, and the requirements can be upsetting e.g. perhaps as innocuous as having to get permission to plant a new shrub.

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The next consideration is the type of dwelling. Many “younger” seniors who have become accustomed to living in a single-family dwelling prefer their first retirement relocation be to a similar unit but usually smaller and with easy-to-manage landscaping and upkeep. Options include multi-family units, apartments, and condos. The latter two come in a wide variety of choices—ranging from sprawling ranch style to garden types to high-rises. The latter in particular can be a challenge as respects density, people above and below, stairs, elevators (or the lack thereof), storage, garaging, parking, noise, etc. Perhaps the best advice in any case is to be sure to carefully consider potential mobility problems e.g. a wheelchair or inability to use stairs. Usually it is best for seniors to avoid second-story units/homes or those with basements unless the main floor has a bedroom suite. Access should also ideally be step-free.

Again—take your time! Look around! Think of all the people you’ll meet—the new areas you can visit and all the models you can view. Make it a fun experience, and whatever you decide be positive and you’ll find it will be simply great. ■

Getting Results

When performance is measured, performance improves.

When performance is measured and reported, the rate of improvement accelerates.

(original source unknown)

2006 Annual Meeting Seminars Developed by the Senior Resource Section

Financial Planning: As Time Goes By

Sunday, September 10
2:45 – 4:45 p.m.

This seminar features financial services professionals who will provide insurance, financial, and legal advice for persons at 30, 45, and 60 years of age. It’s never too early or too late to learn how to blend long-term care, personal insurance, and life insurance within an optimal financial plan.

Presenters

Lynn D. McGill, CLU, ChFC, McGill Financial Ensemble, LLC
Stephen Renner, CLU, Coordinated Wealth Management, LLC
Justin N. Tierney Sr., J.D., CPCU, Tierney Associates Inc.

The Workforce of the Future! It Is Here, Are We Ready?

Monday, September 11
1:30 – 3:30 p.m.

You hear the word all the time, but just what does “diversity” mean? This seminar will provide answers to the following questions: What are the reasons a firm should embrace the concepts of diversity and inclusion in the workplace? What are the characteristics of a truly diverse workforce, and how does that benefit both employer and employee? What are the consequences of not recognizing a diverse workforce?

Presented by the Diversity Committee and Senior Resource Section.

Presenters

Douglas J. Gant, CPCU, State Farm Insurance
Cheryl L. Koch, CPCU, CIC, Agency Management Resource Group

**Register today for the 2006 Annual Meeting
and Seminars at www.cpcusociety.org!**

Salt Lake City Sojourn

by David L. Bickelhaupt, CPCU

■ David L. Bickelhaupt, CPCU,
is insurance professor emeritus
at Ohio State University.

My wife, Lee, and I had a very enjoyable visit last August to this beautiful city made out of a decadent, old, overly salty lake by the Mormons and others more than 150 years ago. We were there to attend the inaugural gathering of some 350 college insurance instructors from around the world at the World Risk and Insurance Economics Congress.

One of the highlights was to spend time with Kyung and Myung Lee, our host and hostess a year ago in Korea (previously reported in SRQ). In addition, we enjoyed tours of the city and area with guides who helped explain the history and background surrounding the founding and building of this remarkable city situated in the middle of a desert surrounded by imposing mountains.

Brigham Young, second president of The Church of Jesus Christ of Latter Day Saints, more commonly known as the Mormons, led the first group of pioneers (147) into the valley in 1847. They were the first of thousands who fled from prosecution in what became the largest migration in U.S. history. About 25 percent died during the long, arduous, and dangerous trek accomplished via oxen wagons and hand carts.

Utah was once part of the Mexican territory, but despite growth accelerated by the advent of the continental railroad, did not become a state until 1896. It was originally called Deseret (not desert) after a species of industrious bee because of the strong work ethic and self-reliance of the people. Deseret is now the nickname

of the state, and watch out for vehicles with honeybee insignia on the doors—they are the Utah Highway Patrol. Their vehicles are not only passenger cars but also pickups and SUVs.

Highlights of the City Today

City streets are based on a grid system starting at Temple Square, the original middle of the city; streets are numbered in units of 100 going east, west, north, and south. You always know exact locations by the address e.g. 641 East 200 South.

Streets are unusually wide—reportedly because they were originally designed to enable an oxen team to turn around. Each square block is exactly 10 acres, and each eight blocks is exactly one mile.

The city is very clean and orderly and despite the wide streets there is a lot of traffic. The recent advent of a very efficient high-speed, low-cost light rail system has helped tremendously. It is one of the legacies of the highly successful 2002 Salt Lake Winter Olympic Games. Another legacy is the revisions in the interstate highways especially in the feeder systems and on/off ramps. This was a multi-billion dollar undertaking and has set the standards for all future such highway design and construction methodology.

Temple Square is an extremely interesting area for tourists with the very impressive Temple, Tabernacle (long-time home of the Salt Lake



Tabernacle Choir), Assembly Hall, and Visitors Center. The gardens and trees are gorgeous, and a tall, white statue of Jesus is awe-inspiring. Across the street is the new Conference Center, which is the largest structure of its kind anywhere. Like the Tabernacle, acoustics are “perfect.” Visitors are shown how a pin being dropped up front can be heard in the rear. (The Christmas lighting at Temple Square is considered one of the largest and best anywhere.)

Across the street, you’ll find the huge Family History Library, the undisputed center of world genealogy. Visitors from all over are welcome in droves, and the facilities are offered at no or very minimal cost.

The Salt Lake City metropolitan area is now more than two million in population and while still predominately Mormon, is one of our most diverse cities ethnically, culturally, and religiously. Cathedrals and large churches of most religions are very evident. We attended a wonderful 10:30 a.m. Sunday Episcopal service.

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Salt Lake City Sojourn

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The city has a host of hotels of every variety including the huge Grand Hotel America, which many consider one of the very best anywhere. Ethnic and specialty restaurants abound as well as traditional steak and seafood. We had a fabulous two-hour gourmet dinner at Bambara's.

Utah is well-known for its year-round sports activities—outstanding golf courses (home of a number of PGA tour players), fishing, hunting, boating, softball, and of course, skiing and other winter sports. The 2002 Winter Olympics set a new standard for venues, hospitality, security, and profit (more than \$100,000,000). Two years ago, the University of Utah became the first-ever school to produce the number-one draftee in the same year for both the NFL and the NBA.

Believe it or not, the original Kentucky Fried Chicken restaurant was opened in Salt Lake City in 1952, not in Kentucky. "SLCFC" doesn't have the same ring as "KFC."

The city and immediate surrounding area easily could accommodate a three- to five-day visit. Further, it is within a few hours' drive to a host of our most popular and diverse national parks, hence a popular taking-off place. The International Airport

is exceptional (thanks again to the Olympics), and is a major Delta hub.

Other sights and activities that caught our attention were the Natural History Museum, an outstanding planetarium (truly great star show called "Night Lights"), the big zoo, Pioneer Village, and the great Salt Lake itself. Three rivers flow in, and none out so all the minerals settle. At one time it covered the entire valley, and is still the second-largest salt lake on earth (next to the Dead Sea in Israel).

One of our tours also took us to the Kennecott Copper mine about 20 miles west of the city. After a half-hour video in the Visitor Center, the curtains open up and you are standing on the edge of the largest man-made hole on earth—so huge, along with the Great Wall of China, it is only one of two man-made things that can be seen from the moon. It is almost unbelievably **big**—two miles by three, and so deep it would take two Empire State Buildings on top of each other to reach bottom to top. The toy-looking tractors at the bottom are actually six stories high.

Salt Lake City is an ideal place to visit and enjoy any season. While we weren't there to see them, reportedly the autumn leaves covering the local canyons rival any elsewhere. ■

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