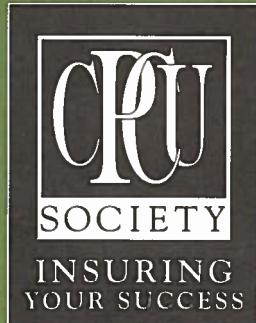


Personally Speaking

Personal Lines
Section
Quarterly

Vol. 4 No. 2
June 2002



The Fungus Among Us *Indiana CPCUs Look at Mold Exposure*

by Bruce Hicks, CPCU, CLU

In days of old, royal hunters would lead a herd of pigs into the forests hunting for dark, moist areas that held truffles, an edible treasure that thrived in that atmosphere. Race ahead into current times and the scene changes. Lawyers are leading homeowners into the courtroom seeking coverage for damage caused to their homes because of dark, moist areas of toxic mold—a litigious treasure trove.

If you're not familiar with the term "toxic mold," you're part of a dwindling group. The subject reared its head in Texas and is now the source of market restrictions and new exclusionary language and class-action lawsuits. Certain types of mold have been found to cause damage beyond wet or dry rot. Some types create air and waterborne spores that cause allergic reactions and serious illness in some people.

On February 27, 2002, the CPCU Society's Central Indiana Chapter and the Rough Notes Company sponsored a seminar titled "The Fungus Among Us," at the chapter's annual All-Industry Day. The seminar featured a panel of experts on mold-related issues, including Dr. Michael Berry, research professor, University of North Carolina, Chapel Hill; Joseph Harrington, communications manager, American Association of Insurance Services (AAIS), Bensenville, Illinois; Kurt Bolden, president, Bolden's Cleaning and Restoration, Noblesville, Indiana; Andrew Rieder, assistant vice president, Allstate, Northbrook, Illinois; and Robert Hinton, loss claim specialist, Indiana Insurance, Indianapolis.

John Cunningham, technical training consultant, Indiana Insurance, served as moderator. He opened the seminar with examples of how the mold problem has already triggered a number of significant claims in Indiana and pointed out that understanding the exposure has to begin with an understanding of mold.

What Is Mold/Fungus?

Dr. Berry noted that mold has existed for more than 4 billion years and is part of more than 1.5 million species of fungi. He added that, in his opinion, the American public is

overly anxious about mold and fungi. Rather than being feared, mold should be understood and managed, he suggested. Dr. Berry pointed out that fungi play an important part in the ecological cycle, working to decompose organic matter; however, certain species of fungi are potentially harmful to humans, creating spores that can be toxic. Such toxic molds are biopollutants—living organisms that can cause an adverse effect in human beings.

According to Dr. Berry, molds need three things to survive and multiply—a food source, water at an acceptable temperature, and time. Sanitary water plus unsanitary surface plus time produces unsanitary conditions, which can create mold. However, he pointed out that the indoor environment is filled with elements other than mold that can create allergic reactions. Dust mites, cats, and bacteria are far greater dangers to human beings than is mold. He noted that washing your hands is probably the single most effective way to reduce illness and death caused by bacteria.

The human immune system is highly efficient, and adverse reactions to mold are rare. Even rarer still is a fatal reaction, Dr. Berry continued. He added that the sense of smell was very important in detecting problems. Molds excrete organic compounds, which we can smell. He said it was most important to use your sense of smell to detect and handle problems instead of masking odors.

Getting rid of moisture is the best way to get rid of mold and bacteria problems. Older buildings were built in a manner that permitted a lot of airflow to remove moisture. Newer buildings and homes are sealed, so there's a much higher likelihood that moisture is trapped, creating bacteria and mold and resulting in what is termed sick building syndrome. Symptoms include:

- sensory irritation in the eyes, nose, and throat
- skin irritation
- neurotoxic symptoms
- hypersensitivity reactions
- odor and taste symptoms

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The Fungus Among Us

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The easiest way to detect possible mold problems is to look for signs of water damage on the ceiling and for sources of standing or leaking water. Flat-roofed buildings and failed ventilation systems are the greatest sources of moisture. Mold identification can be done simply by following olfactory cues. Dr. Berry encouraged the audience to visit the Minnesota Department of Health and the Environmental Protection Agency web sites for information on mold.

What Is Covered?

Joe Harrington from AAIS discussed how AAIS's insurance products respond to mold. The information, though specific to AAIS products, is generally applicable to ISO and independent company forms. He said that personal lines property provisions typically include several areas that may trigger either coverage or exclusions. In general, coverage exists if the mold arose from a covered cause of loss or from accidental discharge of overflow from a plumbing, heating, air-conditioning, or sprinkler system. Coverage would be excluded if mold arose from "errors, omissions, or defects" or if it occurred due to insured neglect. He presented examples of cases where coverage probably would exist. A windstorm might create an opening in covered property that would allow moisture into the home. Water from fighting a fire might create a moist area that is hidden from an insured where mold could grow. Coverage may exist because fire was the proximate cause.

Another potential area that could trigger coverage is the increased cost to correct mold damage to meet requirements of a building regulation. This might be covered as an incidental coverage with a separate sublimit. Coverage also may be triggered when local authorities require testing or monitoring for mold, or from laws that require homeowners to install features that act as preventive measures after mold damage is discovered. Harrington mentioned that it is important for insurers to spread to regulators and consumers the message that insurance is not a substitute for home maintenance. Property owners have the responsibility of maintaining their property and should not depend upon an insurance contract to handle poor or nonexistent maintenance.

Insurance contracts and endorsements typically are written in three different ways:

1. Complete exclusion endorsement barring coverage for all mold perils (perhaps with exception of coverage for food poisoning).
2. Limited coverage for mold damage that arises from covered perils provided under an annual aggregate limit and limited liability coverage, also on an annual aggregate limit, with exception for food poisoning.
3. Limited coverage for mold damage that arises from accidental discharge.

Harrington emphasized that, while it might be easier to create and use absolute exclusions against mold damage, insurers should avoid hysteria and try to use approaches that respond to some losses that fall within an insured's reasonable coverage expectations. He encouraged everyone to visit www.aaisonline.com to get full information on the mold exposure.

Cleaning Up After Mold

Kurt Bolden spoke about remediation of water and mold damage. His cleaning and restoration company, which has been in business for 20 years, responds to about one thousand water-related losses annually. In his experience, although mold and moisture problems exist in Indiana, they are much more of a problem in humid states.

His business has established the "Hydrolab," which is one of only three advanced-training centers on drying structures in the country. The lab creates experiments on mold growth in various conditions and various materials. The Hydrolab has flooded its test facility more than two dozen times with 500 gallons of water—allowing it to set from anywhere from 24 to 48 hours—and then dried the structure without any significant mold growth.

Training is offered to people in both the structure treatment and insurance industries. Also available is a guide of industry standards for his industry (restoration contractors). It is called the *IICRC S500 Standard and Reference Guide for Professional Water Damage Restoration*.

Bolden emphasized that treating sources of moisture is critical to handling mold. He also stated that it is important that the public be

educated about mold. For instance, mold growth does not occur unless there is moist, organic material. Further, mold growth is not rapid and can be reduced or eliminated by keeping the environment clean, getting rid of excess water, and getting rid of sources of moisture. Extracting water from wet surfaces is important, but disposal of all wet materials is usually a drastic and unnecessary step. He emphasized that mold growth takes time and that allows time for mitigation and prevention. The key to preventing mold is drying the structure. Keeping structures clean and dry is the most important element for avoiding or mitigating mold loss.

Bolden suggested that restoration contractors should be able to prove to insurers and adjusters that they have expertise in handling water losses. They also should have the right training and equipment to properly detect and monitor moisture levels in key areas of a building so that a party can be sure that a structure has been dried.

Personal Lines Mold Claims

Andrew Rieder pointed out that the following conditions contribute to mold problems:

- temperature
- lack of air movement
- water source
- plaintiff's bar
- public adjusters

In Rieder's experience, the outbreak of mold as a serious insurance industry issue is due primarily to the publicity about high-profile mold claims. He said the problems in Texas originally arose because the state policy forms did not include "sudden and accidental" language, so coverage for mold loss existed. The state's insurers have responded by substantially increasing pricing and adding exclusions. In some instances, premiums have doubled, creating intense regulatory scrutiny and possible coverage reform.

Allstate has introduced mold exclusion endorsements countrywide. In comparison, ISO created forms that allow policyholders to add optional mold coverage of \$10,000 annual aggregate coverage with the ability to add increased coverage limits. Rieder pointed out that ISO's approach has the potential of creating adverse selection as well as increasing expectations of coverage and pricing difficulties due to the lack of credible

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underwriter. He has also
worked in corporate
underwriting with
experience in product
research and development,
auditing, and in
regulation and
compliance. Bruce is also
the creator of "Liten UP!"
cartoons that have
appeared in publications
and on the Internet.**

data to determine the price of mold coverage. Allstate's position is to eliminate mold as an expected coverage. To do otherwise would be to continue to endanger its homeowners line's profitability and affordability. In addition, Allstate has responded to its mold experience by studying effective ways to deal with losses involving water and mold; training its personnel on these issues; and creating centralized, dedicated claims centers called "Handling Units," that specialize in efficiently managing mold-related losses.

Commercial Lines Mold Claims

Robert Hinton stressed that, in commercial lines, mold claims can become large and complicated. It is important that insurers approach these claims by hiring a proper contractor, establishing the contractor's expertise in mitigating mold problems, and supervising the contractor's remediation efforts. An insurer must be involved in contractor selection so that mitigation can proceed efficiently. It is important that adjusters recognize and deal with mold damage, even if coverage for such damage is subject to exclusion. Hinton outlined several steps that insurance companies should use when faced with a property claim that may involve a mold loss:

- Quickly determine whether or not mold damage is involved with the claim.
- If coverage exists, determine how much mitigation and remediation work is necessary.
- If coverage does not exist, notify the insured immediately so that he or she can minimize further loss.
- Communicate openly and quickly with all affected parties, even when the news is negative.

When claims arise, it's important that a claims person locate the right people to assist in investigating the loss, with a priority on establishing whether coverage exists and communicating properly with the insured. It is critical to determine whether an insured's action or inaction created the mold loss. Insureds should make it part of their practice to do the following:

- Begin with a non-waiver agreement or a reservation of rights letter.

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The Fungus Among Us

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- Conduct a thorough loss investigation.
 - Determine the cause of loss, including ruling out what did **not** cause the loss.
 - Decide whether the particular claim is eligible for coverage.
- Hinton illustrated his points by discussing a local claim that involved a very large amount of mold damage, exceeding \$1 million. An inspection of the insured's building made it obvious that extensive mold damage was present. However, a detailed investigation, using specialists, revealed that two factors created the loss. One was that the insured maintained an excessively high level of humidity in the building, which created a moist environment. The second, more damaging factor involved defective construction. The building's exterior consisted of porous stone, which allowed water to enter the building where, because of vapor barriers, it collected. Mold formed and, over time, spread throughout the property. In this case, while it was definitely a mold loss, it was not covered by the insurance policy. The insured was denied coverage and the efficient, complete investigation avoided legal action from the insured.

According to the viewpoints expressed by "The Fungus Among Us" panel, the insurance industry clearly has the tools to deal with mold losses—without overreacting. ■

payments down, especially given the estimated \$550 million in homeowner's and renter's claims they'll have to pay because of Sept. 11.

The changes have already made it harder for homeowners to do even simple things, like find policies. In Texas, so many insurers have pulled out of the state, Matt Woolley, of Plano, had to make 27 calls just to find someone who'd give him a policy. Now he's paying \$145 more a year in premiums than he did on his old house—and his deductible has quadrupled to \$2,000. "It's a real killer," says Mr. Woolley. Below, a primer on where things stand, whether you're looking at the fine print on your policy or just wondering:

Terrorism

You're most likely covered for any terrorism-related damage, though people who live in co-ops and condos may see higher rates soon. Terrorism may have been homeowners' big worry right after the attack, but things like fire, smoke or explosions are covered, regardless of the cause. "It doesn't matter if the airplane that hits your house is being flown by a United pilot or Osama bin Laden—you're covered," says Richard Ort, of high-end insurer Chubb & Son.

At least that's true so far. Re-insurers (who insure the insurance companies) are talking about excluding terrorism from coverage. "My take on it is, it's wait-and-see," says Mr. Mogil. One possibility: Companies might start to require a separate deductible for terrorism or raise rates. (Already, no one covers an act of war, and homeowners are unlikely to be insured for anthrax either.)

Co-op or condo owners, though, could be in for a hefty rate hike soon. That's because public areas in those buildings are covered by commercial insurance policies. Experts say premiums on these policies are likely to shoot up by as much as 50 percent at the end of the year, when most come up for renewal.

Storms and Mold

In large part, rising rates and other changes can be blamed on increasingly severe weather, which has meant a big jump in storm-damage and mold claims. Insurance claims were up well before Sept. 11, jumping

- Due to bad weather. Some states are particularly hard-hit—72 tornadoes hit Minnesota this year for instance, more than twice the number in any previous year. Weather is partly responsible for the dramatic rise in mold claims, too—between the beginning of 2000 and the middle of this year, they jumped almost \$70 million for the three biggest insurers alone—because they're usually caused by water damage.
- As a result, many insurers have decided dramatically: Chubb raised its premiums by 25 percent this year. The industry is also looking to cap payouts for mold and to require homeowners to pay separately for coverage. In the meantime, homeowners who already have policies can expect to be covered if the mold was caused by a covered water leak. Some insurers are stripping that coverage out of new policies, however, so check the fine print.

Construction Costs

As construction costs go up, so do insurance rates. In fact, according to the Insurance Information Institute, the cost of home repairs rose 3.1 percent over last year, just under the average increase in the price of home insurance. The biggest change? Few of the major companies are offering guaranteed-replacement coverage anymore. These days the best most homeowners can do is coverage that limits insurers' payments to about 125 percent of their home's insured value.

Of course, with the economy in a slump, construction costs may actually fall. Does that mean insurance rates will drop as well? Don't hold your breath. Insurers say people are getting fussier about the quality of their repairs and, says Mr. Ort, insurers "have to deal with the bills."

Under-insurance

A lot of people who fixed up their homes in the last decade may not have

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New Policies for Home Insurance— Facing Record Losses, Insurers Cut Coverage, Raise Rates; Terrorism's Covered, Not Mold

by Danielle Reed and June Fletcher, Staff Reporters of *The Wall Street Journal*

Editor's note: The events of September 11 will most likely continue to have a major impact on our industry. Insurance agents around the country report significant increases in calls from customers checking their policies and inquiring to determine the extent of coverage on homeowners and commercial policies. Similarly, insurance companies continue to assess their exposure in the wake of recent events.

The following article not only addresses the issues of terrorism, but also the significant impacts on the industry from increasingly severe weather and emergence of mold exposure.

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than ever before, more home insurers are pulling out of states, capping "replacement value" payouts and raising premiums ahead of inflation. And with claims through the first half of this year already at a record \$5.5 billion, companies will likely only get tougher, says Merrill Lynch insurance analyst Jay Cohen.

The insurance companies say the problem is what Mr. Cohen calls claim inflation: homeowners are filing a lot more claims and more expensive ones, too. That's why premiums have been rising, and why companies are pushing harder to keep

Since September 11, New Yorker Ken Mogil's phone has been ringing off the hook. But he's not selling gas masks or working on the recovery at ground zero: He's an insurance agent who's getting twice as many inquiries from homeowners as he did a year ago.

In the wake of the World Trade Center attack, it's probably not surprising that a lot of people have been pulling out their homeowner's policy and looking at the fine print. The only problem: Insurers have been looking hard at policies, too. Faced with the prospect of losing more money this year

New Policies for Home Insurance

Continued from page 5

enough insurance. Even as home renovation boomed—Americans spent \$100 billion annually on improvements over the last three years—most people didn't bother to add that new deck to their policy, leaving them under-insured. In fact, a recent survey found that three out of four homeowners don't plan to update their coverage when making structural changes.

It took the events of Sept. 11 to get Karen Bakos to call her agent. Despite renovating her apartment and annexing the

studio next door, the New Yorker had never added to her homeowner's. She promptly doubled her coverage. "We should have done this regardless," she says.

—Going Up

Because of a rising number of claims and increasingly expensive repairs, insurance rates have been rising well above inflation nationally. We looked at what's happened to homeowners' bills around the country, and why.

Average Rate State Increase*

Arizona	7%
Colorado	3.5% for first six months of 2001
Florida	12.6% for top 5 companies
Oregon	10% to 15%
Washington	5.6%

*Based on estimates from state departments of insurance.

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J J

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Comment

Cost of claims pushed up by high value of Phoenix-area homes.
"Credit scoring" by insurers—linking homeowner's premiums to their credit ratings has led to higher rates.

State legislature cut disaster fund, so these insurers, who make up half of the market, raised rates.

Higher housing and construction prices have pushed up rates.
Insurers have been losing money for a while here; many raised rates this year.

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What Does It Takes to Get Insurance Fraud Prosecuted?

by Barry Zalma, CFE

Editor's note: *Barry Zalma, CFE, is the author of Insurance Claims—A Comprehensive Guide published by Specialty Technical Publishers (www.stpub.com/) and the FREE Zalma's Insurance Fraud Letter available at www.zalma.com/. This article is reprinted with permission from Barry Zalma.*

Readers: What are your thoughts or opinions? Do you agree with Barry Zalma?

The question in the subject line is rhetorical—I don't expect an answer.

I'm just frustrated and taking my frustration out on you. The insurance industry spends many hundreds of millions of dollars on the fight against insurance fraud. In many states, like my home state of California, insurers are the only crime victims forced to pay a special tax to fund investigators and prosecutors. The Los Angeles District Attorney alone received more than \$5,000,000 of that anti-fraud money.

Insurers are also obligated to, in many states, keep in place an effective Special Fraud Investigation Unit (SFU) whose job it is to ferret out fraud and present the results of its investigation to the Department of Insurance Fraud Bureau, Fraud Division, the Local District Attorney, or the state Attorney General.

The prosecutors say all the right words. Some criminals are prosecuted but usually only those who have gathered into rings and can be shown to have stolen millions to go over a prosecution threshold.

Prosecutors, universally, are overworked and underpaid. They are human and would prefer to prosecute people who defraud widows and orphans than those who defraud a rich insurance company.

Prosecutions, although they are growing, are less than a drop in the bucket of a criminal enterprise estimated to take from \$27 billion to \$100 billion every year. This is more than Enron yet there are no Congressional Hearings, there is no outcry from the public to stop the bleeding; what we hear instead is a need to punish the insurance companies who refuse to pay those who attempt to defraud them.

Although a good portion of my practice involves the detection of insurance fraud; although I have identified and proved insurance

Barry Zalma, CFE, is an insurance coverage attorney. He is the founder of Barry Zalma, Inc., a California law firm whose practice emphasizes the representation of insurers and those in the business of insurance. The firm's practice stresses first-party property matters, third-party liability coverage situations, and litigation support including expert testimony. The following letter appeared in RISKMail, an online newsletter.

fraud in many hundred cases; although I have presented those cases to the local Fraud Division and prosecutors as required by law, I can count on the fingers of one hand the number of fraud perpetrators who were actually arrested and tried for the crime.

I tell myself that my job is to save the insurance company its money, not to prosecute crime. Elected officials are the people who are compelled to investigate and prosecute crimes. I tell that to myself and I believe it. What I can't do is get prosecutors to actually prosecute crimes. I have presented a case to a prosecutor with an on-the-record, under-oath confession to insurance fraud corroborated with five independent witnesses only to have the prosecutor refuse the case for lack of sufficient evidence; I have watched prosecutors who tell me there is a good case to do nothing until the statute of limitations runs and then say they were "too busy" to prosecute the insurance fraud perpetrator when people are being killed and mugged.

So, if there is anyone out there who is in charge of spending advertising money for the insurance industry, can you direct that money to tell the public that insurance fraud costs them money and that they should demand that their prosecutors prosecute the crime? Can we educate the public that \$100 billion a year is coming out of their pockets? Can we demand investigation why the FBI, the local police, the local prosecutors, and the U.S. attorneys ignore this massive crime? If \$100 billion a year was being stolen from banks would the public blame the bank or the robber? Willy Sutton was wrong; the money isn't in the banks. It's in the insurance industry and that is why insurance fraud is an equal opportunity crime.

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Now, in the shadow of the events of September 11, 2001, it is time we point out that organized rings of terror organizations

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What Does It Takes to Get Insurance Fraud Prosecuted?

Continued from page 7

from the PLO, Hamas, Islamic Jihad, Dashnag, and every other terror or criminal organization is involved in insurance fraud. There is not a race, religion, nationality, gender, or sexual orientation, that is not involved in insurance fraud.

We professionals in the business must do something to convince the great American populace that it is a battle that should be fought because it is right to do so and because it costs them money if it is not fought.

To answer my rhetorical question, it will be prosecuted with vigor when the public realizes whose ox is being gored and when the public understands that insurance fraud is not a reasonable or reliable method of funding their retirement.

Thanks for putting up with my musing that is more a rant. I just learned a client of mine is funding their retirement.

settled a suit brought by an insured who was upset because they were not paid for the destruction by fire of a house that they did not own at the time of the fire because it was taken by foreclosure sale a month before the fire and because they lied on their proof of loss and during their examination under oath. If we, as an industry, continue to reward fraud because of a fear of an extra contractual judgment, it will never stop. Disband the SIU. Quit doing business in those states that have a tort of bad faith, or charge sufficient premium so you can pay every insured who has a loss exactly what he asks for plus 10 percent.

I'm going home now. I'm too sick and tired to do more work. ■

Terrorism Exclusions for Homeowners Policies: Is It the Right Move?

by Robin K. Olson, CPCU, ARM, ARP

Editor's note:
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What are your thoughts regarding terrorism exclusions in homeowner products? Let us print your viewpoint. E-mail the editor at dbakis@allstate.com or fax (847) 326-7843.

On December 27, 2001, ISO announced the filing of terrorism exclusions for homeowners policies. These were developed after pressure from member insurers who cited a lack of reinsurance, the uncertainty of a definitive resolution by the federal government, and the possibility of future terrorist attacks with catastrophic consequences.

On January 29, 2002, the National Association of Insurance Commissioners (NAIC) voted unanimously against terrorism exclusions in personal lines policies. The NAIC motion stipulated that there was a "sense" that terrorism exclusions are not necessary to maintain a competitive market, and that they may violate state law. They further cited that they had not seen any evidence of a reinsurance crisis concerning personal lines exposures.

At last count, nearly 20 jurisdictions have declined the use of the exclusion for homeowners policies; however, six jurisdictions have approved it. Of the states that have accepted it, four place some type of restriction on its use. In South Dakota, the insurer still has to provide written proof of its loss of reinsurance before the exclusion can be used. In Kentucky, the insurer can only use the exclusion if it can successfully prove and document the reason it is needed. In North Dakota, the department reserves the right to review requests for the exclusion on a case-by-case basis. In Idaho, an insurer may use the exclusion if it can demonstrate an actual threat to its solvency from possible terrorist attacks based on the amount, location, and type of risk it has written in the state. In Arizona and Colorado, there are no restrictions on the use of the exclusion.

In an editorial for the April 23rd issue of the *IRMI Update*, International Risk Management Institute's e-zine, Irnak's President Jack P. Gibson, CPCU, argued against the filing and use of the terrorism exclusions for homeowners policies with the following editorial: Terrorism Exclusions in Homeowners Policy.

Message from the Editor

I was disappointed when the U.S. insurance industry, through ISO, developed and filed a terrorism exclusion for attachment to homeowners policies. On the other hand, I was proud of the National Association of Insurance Commissioners when it issued a statement concluding that such exclusions were not needed, implying that state regulators need not approve them. We agree with the NAIC that these exclusions are unnecessary for personal lines insurance, and we think that the attempt to develop and use them tarnishes the industry's image.

Where is the truly catastrophic exposure? Existing exclusions in homeowners policies rule out coverage for nuclear weapons or radioactive contamination. That leaves contamination from a chemical or biological attack, which though it might be extensive, doesn't seem likely to be catastrophic to insurers of homes.

Most regulators appear to have decided not to allow the exclusion's use in their states. However, the exclusions may now be used in a handful of states. I hope the insurers in those states have decided not to employ them. The hard commercial lines market is going to cause more than enough animosity toward the industry. A knee-jerk reaction to exclude terrorism in personal lines policies will only make it worse.

Do you agree with me on this? Or do you think I've missed something incoming to this conclusion? Send your comments for the next issue.

All the best,
Jack P. Gibson, CPCU
President
International Risk Management Institute, Inc.
Source: IRMI Update #39, <http://www.IRMI.com>

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Terrorism Exclusions for Homeowners Policies

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Follow Up

We (IRMI UPDATE) received 81 e-mail responses to this editorial. Many were very enlightening, and nearly 90 percent of them supported our opinion that insurers should not use these exclusions on their homeowners policies.

Several readers disagreed with the editorial, stating that reinsurers, and not personal lines insurers, dictate this situation. Another reader argued that insurance cannot solve all of society's ills and should not be considered an entitlement. One reader explained that homes can be prone to high concentration of values in a small geographic area and that applying the exclusion would be better than nonrenewing the business entirely. An underwriter contended

that he would be derelict in his duties to expose his employer's surplus unnecessarily in the face of a catastrophe.

Most readers agree that the industry is being shortsighted in its approach to this issue. One reader bemoans the fact that other industries are trying to become more customer oriented and the insurance industry is moving in the opposite direction. Another reader claims that such broad exclusions run counter to the main purpose of insurance: transfer and spread of risk. One reader eloquently stated that the insurance industry needs to address this issue with their hearts, and not their solvency tests. Some readers, though, believe the problem cannot be resolved unless the federal government takes strong action. ■

Personal Lines Section Announces Seminars for Annual Meeting in Orlando!

The Personal Lines Section Committee is hard at work on bringing you these informative seminars at the Annual Meeting and Seminars in Orlando in October. We hope to see you there!

October 20, 2002, 10 a.m. - Noon

Practical Application of Credit-Based Insurance Scoring

Credit-based insurance scoring has been widely accepted in the industry and is being used for underwriting acceptability, premium determination, payment plan offerings, and targeting of potential customers. Now we need to fine-tune these strategies! Companies and producers are faced with consumer questions, unusual score results, inconsistent application of scoring strategies, and redundant processes. This panel of score designers/providers and insurance company representatives will provide practical ideas for meeting these and other challenges to credit-based insurance scoring.

Moderator

William T. Atkins, CPCU
North Pacific Insurance Company

Panelists

Gregg L. Antenen
Convergence Data
Lamont D. Boyd, CPCU
Fair, Isaac and Company
Gary E. Skerl
Progressive Insurance Co.
John Wilson
ChoicePoint

LEAD AND SUCCEED

CPCU Society • Annual Meeting & Seminars
October 19-22, 2002 • Orlando, Florida

October 22, 2002, 2 - 4 p.m.

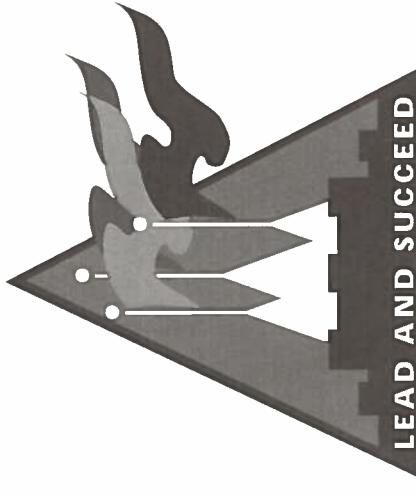
Road Rage and Aggressive Driving

Most of us have witnessed, and some even become entangled in, incidents of road rage and aggressive driving. This seminar—created and presented by a California Highway Patrolman turned insurance professional—begins with two questions directed to the audience: "Are you a good driver?" and "Have you ever met a bad driver?" By the end of this engaging multimedia program, the audience will have gained new information on the subject, and perhaps some surprising insights into their own driving personalities. *Filed for 2 CE credits.*

Presenter

C. Clint Gillespie, CPCU
ACE USA

For registration information, visit www.cpcusociety.org
or call (800) 932-2728, option 4.



Favorite Web Sites

Our web sites this month focus on sources of information about "mold." Please let us know of web sites you find useful, so we can share with other readers.

www.moldupdate.com = NAMIC web site, which is dedicated to mold information and issues.

www.epa.gov/iaq/molds/ = U.S. Environmental Protection Agency. Mold remediation information in schools and commercial buildings . . . most is relevant to homes.

www.allianceai.org/documents/spotlight/brdmold.htm = Alliance of American Insurers gives information about steps being taken relating to mold.

www.iii.org/media/hottopics/hot/mold/ = Insurance Information Institute web site lists mold as a hot topic.

www.aaisonline.com = American Association of Insurance Services is a product development resource for the P&C industry. Mold is one of the issues covered.

Personally Speaking is published by and for the members of the CPCU Society's Personal Lines Section.

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 Printed on Recycled Paper

Personally Speaking



720 Providence Road
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Malvern, PA 19355-0709

Personal Lines
Section Quarterly

Vol. 4 No. 2
June 2002
