

The Insurance Library Association of Boston Saval Insurance Education Center

156 State Street
Boston, Massachusetts 02109
Telephone 617-227-2087 Fax 617-723-8524

www.insurancelibrary.org

Newsletter

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Tenth Annual Insurance Professional of the Year Award and Event

The Wharf Room at the Boston Harbor Hotel will be the site of the 2011 Insurance Library Association of Boston *Insurance Professional of the Year* event on Friday, November 4th. Please mark your calendars now!

We will be announcing who this year's award winner is sometime in May (suggestions welcome). You can count on that person being someone who brings honor to our industry and who is respected both within the insurance community and beyond it.

You can also count on the mid-day event being an excellent opportunity to catch up with people you may not see often enough, and a general good time!

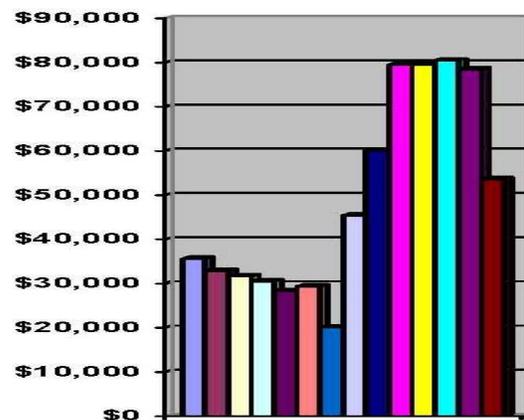


C. Dickey Dyer of Global Insurance Network was a welcome addition to last year's crowd as a representative of the Massachusetts Society of Licensed Insurance Advisers.

Annual Fund, 2010-2011

Like many other organizations, the Library's fiscal year begins each July 1 and ends as of the following June 30. Our Annual Fund effort tracks with this fiscal year, so we are nearing the end of the 2010-2011 effort.

This year, Phil Edmundson set an ambitious goal of \$100,000, hoping to outpace the results of the previous year, which yielded \$78,485. Thus far, the 2011-2011 appeal has garnered \$53,622 – certainly a gratifying response, but leaving a long way to go toward the goal.



Beginning in 1997 (far left), the Annual Fund has been a crucial contributor to the Library's financial health. We still have some way to go in the 2010-2011 year (far right)

The next edition of this newsletter will include a list of all donors to this year's Annual Fund.

Changes to the Chartered Property Casualty Underwriter Program: if you'd like help understanding them, don't hesitate to ask us and/or to visit

<http://www.aicpcu.org/comet/programs/cpcu/cpcu.htm>

As most of you certainly know, a large part of Insurance Library activities center around education. We sponsor a wide variety of courses and classes, from those that meet for sessions throughout multiple weeks and are directed toward passing examinations in designation programs, to those that meet for one or two days, or parts of days, and involve a shorter time commitment. Virtually all of the courses offered through the library are approved for producer continuing education credits in Massachusetts, and some are so approved in neighboring states. For a complete listing, visit our website at <http://www.insurancelibrary.org/> and click the “**Courses**” tab at the top of the home page.

Attainment of the Chartered Property Casualty Underwriter designation is often thought of as the premier accomplishment in the field of property/casualty insurance study. As of this year, changes have been made to the course of study and the examinations leading to the status of being a “CPCU”.

Each CPCU candidate is required to complete four **foundation** courses, namely:

- CPCU 500: Foundations of Risk Management and Insurance
- CPCU 520: Insurance Operations
- CPCU 530: Business Law for Insurance Professionals, and
- CPCU 540: Finance and Accounting for Insurance Professionals

In addition to the four foundation courses, each candidate is required to complete three courses in one of two “Concentrations”, Commercial or Personal. The **Commercial Concentration** courses are:

- CPCU 551: Commercial Property Risk Management and Insurance
- CPCU 552: Commercial Liability Risk Management and Insurance
- CPCU 553: Survey of Personal Risk Management, Insurance, and Financial

The **Personal Concentration** courses are:

- CPCU 555: Personal Risk Management and Property-Casualty Insurance
- CPCU 556: Personal Financial Planning
- CPCU 557: Survey of Commercial Risk Management and Insurance

As you can see, both the Commercial and Personal Concentrations require completion of a survey course in the alternate concentration.

In addition to four foundation and three concentration courses, candidates also complete an ethics requirement through the course Ethics 312, which offered as an online module at no cost.

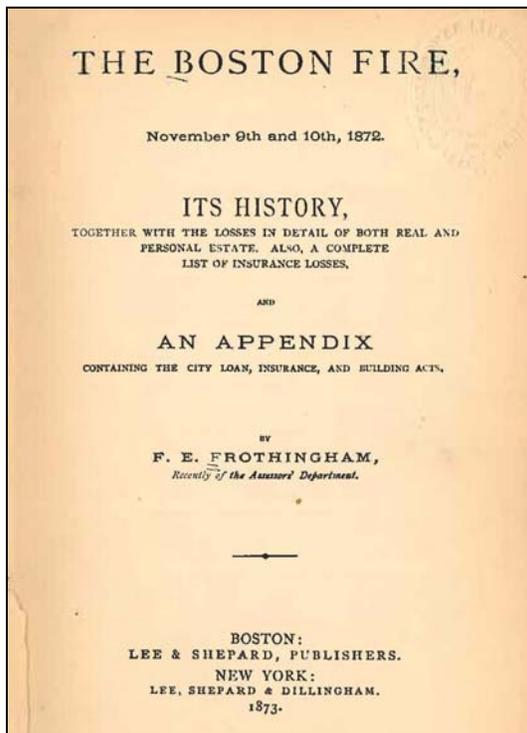
Lastly, each candidate must pass the exam for one elective course, which may be CPCU 560 (Financial Institutions), or one chosen from among nine choices taken from other programs including: Accredited Adviser in Insurance (AAI); Associate in Claims (AIC); Associate in Reinsurance (Are); Associate in Risk Management (ARM); Associate in Underwriting (AU); Associate in Enterprise Risk Management (ERM) program

Questions From This Quarter (and how we hoped we helped)

(More Questions & Answers are available on our website, www.insurancelibrary.org)

Q: We are students at [local university] and are investigating the effects of the Boston fire of 1872 on insurance companies that provided coverage on affected properties, as well as on fire insurance in general. Do you have materials regarding that fire?

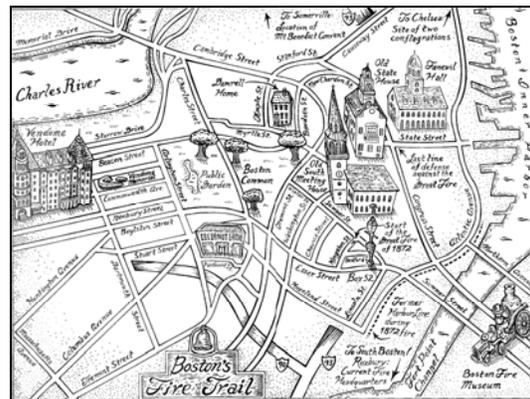
A: We have a number of most interesting documents and publications regarding that conflagration. Of most interest to these students (as to us!) are those which were published shortly after it wreaked its damage on the streets and buildings of Boston. For example, this is the title page of one publication:



Other relevant reports include one from the National Board of Fire Underwriters (“*You have been called together to consider what action becomes necessary in consequence of the new crisis which the recent fire in the City of Boston has brought*

to the business of fire insurance in this country”), it begins, and one from the Boston Fire Commissioners. Our collection also includes volumes relating explicitly to the great fires in Chicago and in San Francisco

And from another book in our collection, here’s a map of the “*Boston Fire Trail*”, not to be confused with the *Freedom Trail*!



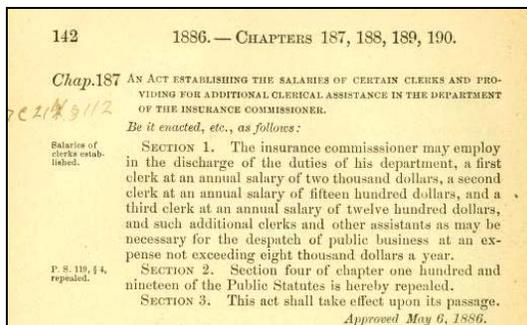
Q: I know that “rebating” is a bad word in some circles. Why is it that the practice of rebating is prohibited in most states in the insurance field, but is an allowed practice in many other industries? And are there any states in which it is not prohibited?

A: The fundamental reasoning behind the prohibition of this practice in insurance, as discussed in the *Proceedings of the National Association of Insurance Commissioners* (“NAIC”), and most particularly the *Proceedings of 1904-1906*, is to ensure that buyers of insurance are not treated in a manner that may be unfairly discriminatory.

Rebating was the subject of a *January 11, 2011 blog post* on our website. And yes, there are two states that do not prohibit rebating of insurance premiums: to see which two, check out the blog post!

Q: We know the current Massachusetts law on [subject described] but would like to have a better understanding of how and why it was enacted. It has been suggested that the Act that led to the law might help in this regard. Our problem is that the law dates back to 1952. Do you think that having access to this history might indeed enhance our understanding, and can you help us get it?

A: Happily, the answer to both of these questions is “yes”. The website of the Massachusetts Executive Office of Administration and Finance maintains a website through which users can search and download *Massachusetts Acts and Resolves* from 1692 through 2010.



Here (above) is an entry from the 1886 book

It seems to us that, just as today, the citizens of the Commonwealth were receiving good value from the staff of the Division of Insurance—just as this government website provides good value to us all. The URL is a bit too long to fit neatly into the pages of this newsletter: if you’d like us to email it to you, just email us.

Q: In my capacity as risk manager for a firm here in Boston, I do my very best to keep my employer’s insurance program optimal while keeping costs minimized. I read in the paper recently that workers’ compensation rates in Massachusetts are remaining level this year. I’m not sure, though, that we’re

being charged the proper amount. How can I better understand the rating process, and know that the rules are being applied properly to us?

A: This library patron was invited to come in and use the materials in our collection that describe how workers’ compensation is rated—including of course, the *Workers’ Compensation and Employers Liability Insurance Manual*. But we understand that it can be somewhat difficult to understand this kind of technical information without better guidance than the librarians are able to give. So we told them about our class *Workers’ Compensation: What’s the Correct Premium and Rating Plan*, next meeting on June 22nd from 9:00 AM to 12:30 PM. Who knows? Maybe their insurance broker will be a fellow participant (producers can earn 5 continuing education credits through participation).

Q: My employer allows me to withhold some of my salary on a pre-tax basis so that I can reimburse myself for amounts spent out of pocket for health-related expenses throughout the year. Then my sister told me the rules were changing regarding over-the-counter drugs. Is she right?

A: On the website of the Internal Revenue Service, we read that “*Section 9003 of the Affordable Care Act established a new uniform standard for medical expenses. Effective Jan. 1, 2011, distributions from health FSAs and HRAs will be allowed to reimburse the cost of over-the-counter medicines or drugs only if they are purchased with a prescription. This new rule does not apply to reimbursements for the cost of insulin, which will continue to be permitted, even if purchased without a prescription*”. It’s best, though, to consult sources directly, so we provided her with a link right to the relevant part of the IRS website, as well as suggesting she speak with her employer about her plan.