

Members Approve Affiliation, Elect New Officers

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From left, Warren L. Farrar, CPCU, CLU, ChFC, immediate past president and chairman, administers the oath of office to Steve McElhiney, CPCU, MBA, ARe, AIAF, president and chairman; David S. Medvidofsky, CPCU, CIC, ARM, AIAF, AAI, president-elect; Cynthia A. Baroway, CPCU, M.Ed., AIC, vice president; Nancy D. Adams, CPCU, J.D., secretary; and Brian P. Savko, CPCU, CLU, ChFC, MSFS, FLMI, treasurer.

In a historic vote at the Oct. 24 business meeting during the 2011 CPCU Society Annual Meeting and Seminars, members overwhelmingly approved new bylaws, paving the way for a formal affiliation with The Institutes. The final vote count was 5,230 to 274.

Members also ratified the election of three officers and three directors to the Society's Board of Directors.

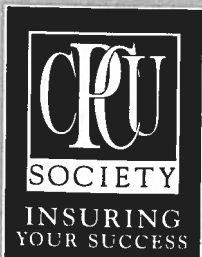
Cynthia A. Baroway, CPCU, M.Ed., AIC, of the Colorado Chapter, was elected vice president. **Nancy D. Adams, CPCU, J.D.**, of the Boston Chapter, and **Brian P. Savko, CPCU, CLU, ChFC, MSFS, FLMI**, of the Mid-Tennessee Chapter, were elected secretary and treasurer, respectively.

James L. Hanson, CPCU, of the Arizona Chapter, **Robert A.**

Mansfield, CPCU, of the Boston Chapter, and **Donna M. Wright, CPCU, MBA, AU**, of the Houston Chapter, were elected to three-year terms as directors. In addition, **Mary R. Hennessy, FCAS**, will serve a one-year appointment as at-large director.

The bylaws vote was authorized by the Society's Board of Directors, which unanimously agreed to pursue a formal affiliation with The Institutes at an Aug. 3 board meeting. "We believe this integration with The Institutes positions the CPCU Society to enhance its brand and more clearly demonstrate our value to both our members and their employers," noted **Warren L. Farrar, CPCU, CLU, ChFC**, 2010-2011 CPCU Society president and chairman, in a Sept. 23 mailing to members. ■

Stay Tuned
Watch for details about the formal affiliation with The Institutes on the CPCU Society's website.



Meet the President and Chairman

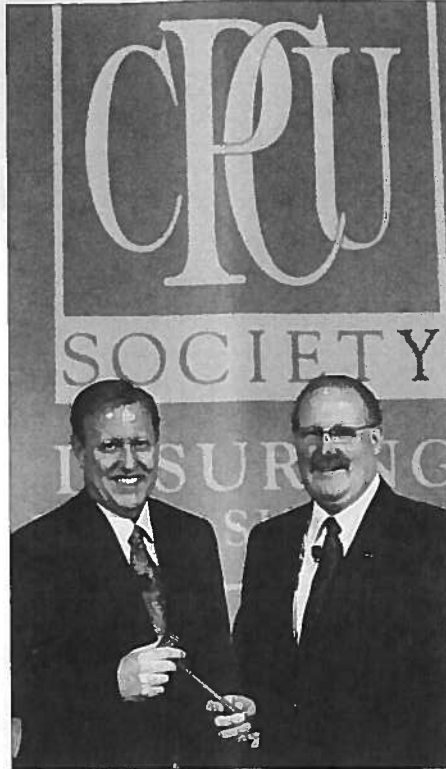
Steve McElhiney, CPCU, MBA, ARe, AIAF, 2011–2012 CPCU Society president and chairman, took the oath of office on Oct. 24 at the Society's Annual Meeting and Seminars in Las Vegas. Here, he talks about his goals, the value of Society membership and embracing change.

CPCU News: *What would you like to accomplish during your term as CPCU Society president and chairman?*

McElhiney: Our collective success lies in the execution of a sound strategic vision across time. In that vein, I plan to continue to execute a variety of plans that have been put into place by my predecessors. Certainly, we must and will adapt to challenges that will invariably appear.

I am very mindful that I will be the first CPCU Society president and chairman to preside in our new affiliation structure. I plan to make this a seamless transition for members and chapters, and to ensure that we deliver improved capabilities and services to enhance the CPCU Society experience.

We have enormous potential for growth internationally and, in fact, the 2012 Washington meeting will have a palpable international feeling to it with the panels we will provide. I want to ensure that a recommendation from members in India to form a chapter there will lead to its establishment in 2012. It is no coincidence that all the vibrant U.S.



From left, Steve McElhiney, CPCU, MBA, ARe, AIAF, 2011-2012 CPCU Society president and chairman, accepts the gavel from Warren L. Farrar, CPCU, CLU, ChFC, immediate past president and chairman.

companies today derive a substantial amount of their revenues globally. We also need to grow internationally.

I want to ensure that our Connections employer outreach program is revitalized and more responsive to the needs of the employer organizations that sponsor our members. Finally, I want to reach out to a number of insurance colleges during this year and beyond; particularly, returning to visit and lecture at some

colleges with historically minority representation. I have asked our Diversity Committee to look into new ways to recognize the diversity included in our evolving membership.

I am proud to represent the reinsurance industry in this role this year; it has been a number of years since the Society has had a president from this industry segment.

CPCU News: *What is the Society doing to increase membership value?*

McElhiney: Membership in the CPCU Society represents a tremendous value. For reasonable Society and chapter dues, a member receives the benefit of the CPCU Society lifecycle — starting with credentialization, followed by practical technical development through chapter and interest group involvement, leadership training in a “safe environment” and ultimately, mentoring opportunities — that are an enormous value proposition to our vast and increasingly diverse membership and the organizations they serve.

We are making an increased effort to communicate the value proposition to the employers that sponsor 87 percent of our members through an enhanced Connections program. We are reaching out to our members through multiple channels to communicate the value we provide at various stages of their career development.

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CPCU News: *What benefits and value can members enjoy when the CPCU Society's formal affiliation with The Institutes becomes effective?*

McElhiney: We are about to enter into a new and exciting affiliation with The Institutes. This will bring extensive resources to our members and will, I am convinced, create a more vibrant Society experience. We will have superior technical content for our members, coupled with new continuing education opportunities, dynamic social media capabilities and a seamless alignment with employers' needs. A more efficient organization will emerge with expanded resources.

I believe the 14 CPCU Society interest groups will be key beneficiaries of the affiliation through enhanced content delivery capabilities and the alliance of subject matter technical experts with their expert practitioner counterparts. The Society is a generalist organization that is facing increasing competition from a variety of specialist entities with substantial resources. This affiliation will ensure that the specialist content we deliver through our interest groups will be pre-eminent.

The Institutes' CEU.com capability will provide expanded opportunities for continuing education credits for Society members. This is something of personal interest to me, given my insurance licenses and a continuing need to keep them current.

CPCU News: *What salient trends do you see in the property-casualty insurance and risk management industries?*

McElhiney: We are undergoing a long and protracted "de-risking" and "de-leveraging" arising from a credit collapse. Volatility will be present for years to come, and companies and professionals will need to be nimble to survive and flourish.

Change, however, brings great opportunity. Enterprise risk management (ERM) processes are a way to better allocate capital and resources for superior risk-adjusted returns. Alternative risk vehicles such as captives are just beginning to penetrate middle-market companies and industries. Captives have tremendous growth potential internationally in regions such as the Persian Gulf and Asia.

The leading global insurance organizations are growing simultaneously in concert with the economic growth represented in China, India, Brazil and the rest of the world. Other segments will emerge where growing industrialization will drive insurance demand. There are nascent CAT zones that deserve closer scrutiny and risk mitigation.

All industries face the dynamic of "niche" versus "scale" business models, and insurance is no different. To survive, an insurance company needs to select the appropriate business model for its products and capabilities. Both specialist niche players and global entities can effectively co-exist and generate above average returns. Being lost in the middle zone is dangerous.

I believe that over time, the convergence between the capital markets and insurance (and reinsurance) is inevitable. I have had the opportunity to work with hedge fund clients; they are bright, understand risk in an almost holistic manner and seek to participate in the reinsurance transaction.

CPCU News: *Why did you select "CPCU Society — Reflections of Progress" as the theme of the 2012 Annual Meeting and Seminars?*

McElhiney: To me, Washington is the place where democracy lives. There is no place more representative of the hopes and dreams, challenges and struggles of the American experience

At a Glance — Steve McElhiney

Present position: President, EWI Risk Services Inc., a subsidiary of NL Industries Inc., a Dallas conglomerate; president of Tall Pines Insurance Company, a Vermont captive

Residence: Southlake, a Dallas suburb. Born and raised in Glendale, a Los Angeles suburb

Family: Children — Lauren, Corinne and Jeff

CPCU designation: 1992 (San Francisco)

Education: Bachelor's degree and MBA, University of Southern California

Boards: Board chair, Vermont Captive Insurance Association (VCIA); treasurer, North America's Corridor Coalition (NASCO)

Awards: Chairman's Award from Fireman's Fund for creating an international credit risk model and process

Favorite book: *The Sun Also Rises* by Ernest Hemingway

Favorite movie: "Field of Dreams," especially James Earl Jones' "People will come, Ray" speech and the thought of playing catch with a younger version of one's Dad

than the Lincoln Memorial Reflecting Pool. At any point in time, it reflects America and what it could become.

Likewise, our CPCU Society is at a moment of reflection. I often wonder what those original six CPCUs would think of our industry, and the Society, if they were transported forward to our time. So much has changed — predictive modeling, telematics, CAT models; however, so much is the same — the reason and sound judgment of the underwriter, the claims adjudication thought process of the adjuster. Just like the

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Meet the President and Chairman

Continued from page 3

core tenets of American society are unchanging over time, some of the key aspects of our noble profession are also timeless.

Given our new affiliation with The Institutes, we are also at a new moment of reflection — looking to preserve all of those things that made our Society so enduring while adding new resources and capabilities for our future.

CPCU News: What career advice can you share with CPCUs?

McElhiney: The best advice I received came from my father who never had the benefit of a college education: embrace change. I strongly

encourage new CPCUs to step out from their traditional career verticals and learn new skills. Supplement your CPCU designation with other specialist credentials. Always network and read the book *Never Eat Alone* by **Keith Ferrazzi**.

Leadership differs from management — pursue those avenues that enhance leadership. Learn to recognize there are a variety of effective leadership styles. The best leaders ask probing questions, listen to their customers or stakeholders describe their challenges and then craft solutions in a collaborative fashion. Be an effective listener. That said, junior people often make the career mistake of not speaking up in the presence of

company leaders. That is your time to shine! Don't be afraid to share innovative ideas.

CPCU News: Is there something not widely known about you that you would like to share?

McElhiney: I am active in politics and have been involved in a few campaigns, and am now doing so for a U.S. Senate candidate. I believe one should be an active participant in the democratic process — too much was sacrificed over the years by too many to warrant anything less. In the words of U2, "Am I part of the cure or part of the disease?" I also used to surf in my youth — we'll leave it at that. ■

FROM THE IMMEDIATE PAST PRESIDENT AND CHAIRMAN



Dear CPCU Colleagues:

Having just returned from Las Vegas, I'm pleased to report on an outstanding 67th CPCU Society Annual Meeting and Seminars. Our conferment speaker **Robert D. Ballard, Ph.D.**, was so engaging, I was ready to take to the seas to join his oceanic research! ABC News anchor/reporter **Bob Woodruff's** inspirational keynote address

resonated with me as well. It takes courage to overcome obstacles that arise in our lives and our careers. His message jibed well with our meeting's theme — CPCU: A Winning Strategy.

Twenty-two years ago when I became a CPCU, I never imagined I would have such a leadership role in the Society. Now it is difficult to believe this year has passed by so quickly. We accomplished much during the course of this year, but nothing as important as amending our bylaws to formalize our relationship with The Institutes.

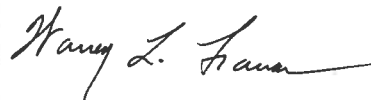
This overwhelming vote indicates your understanding of this change, and, I trust, your belief in the bright future it portends. I appreciate your support and confidence in this important matter.

Now the work begins. As we move forward with implementation, know that serving our members remains of paramount importance to all involved. We will keep you informed as we go forward, but I believe you will quickly see improvements in some areas.

Serving as your president and chairman has been a pleasure. I have met so many great people in so many places around the world. To me, the enthusiasm and commitment I experienced bodes well for our future.

I hope to see you again at a CPCU Society meeting.

Respectfully,



Warren L. Farrar, CPCU, CLU, ChFC
2011-2012 CPCU Society Immediate Past President
and Chairman