



NRIAA NEWSLETTER

JANUARY/FEBRUARY, 2006

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PURPOSE OF THE NRIAA

The purpose of this organization shall be to support, assist and encourage Member Associations to:

1. Promote and maintain professional standards of performance
2. Abide by ethical standards of conduct promulgated by the National Society of Premium Auditors
3. Create, conduct and encourage the use of educational programs
4. Provide a forum for the exchange of technical information
5. Contribute professional insurance auditing knowledge & experience to the insurance industry

WELCOME

Welcome to the Newsletter for the Northeast Regional Insurance Auditors Association.

We extend best wishes to you for a prosperous New Year!

MEMBER CHAPTERS

Central New York
Maryland
New Jersey
New York City
Northeast New York

New England
Northwest Pennsylvania
Philadelphia
Western New York
Western Pennsylvania

PRESIDENT'S MESSAGE

Professionalism

Does it apply to Premium Auditors? What do we do to generate professionalism? How does the outside world know we are professionals?

The business world is full of examples of people we consider professionals. Often times, the person's name is surrounded by an indication of their professional knowledge. Letters such as CPCU, PhD, Dr, JD or CPA. Who could argue that doctors, lawyers and college professors are not professionals?

Proven credentials have existed in the insurance world for years. Consider that claims adjusters and agents must be licensed and that continuing education and testing are required. What requirements exist for Premium Auditors?

There are additional levels of professionalism as well. Many of the building trades such as electricians and plumbers must achieve educational and experience levels before their work can be approved. Even in Maine, the work professional is mentioned with loggers because they have completed educational and field testing to assure competence in their vocation.

How do Premium Auditors fit into this structure? I once had an insured ask if a Premium Auditor meant they were getting the best auditor. There are designations in our field such as Associate in Premium Auditing, Certificates of Completion for the Technical Achievement Program from PAAS, and the Certified Insurance Premium Auditor. The CIPA probably comes closest to the Master designation of the building trades given its requirements of education and experience.

What does it matter? Maybe it does not. Let's look at the premium auditor's world as it stands now to decide. There are about 550 NCCI Workers Compensation and 1100 ISO General Liability classifications. More classifications are coming up

every day in the form of further refinement of the NCCI/ISO classifications and state specials. There are state specialty programs such as the Contractors Premium

Adjustment Program in more states than ever and look at New York commercial construction premium determination. Ten to fifteen years ago, insurance fraud was padding a claim. Now the Insurance Fraud Bureaus have successfully prosecuted hundreds of cases and recovered tens of millions of lost premium. Insurance Auditors are on the front line of detecting this crime. Years ago the auditor completed the WC audit and picked up the sales and subcontractor costs. Now the rates for GL and subcontracting have increased three to ten times so sales and costs are truly audited. There is big money on the line. We all know that the larger the premium, the greater the incentive for employers or agents to “interpret” the rules to their benefit.

So the Premium Auditor in 2006 must be more knowledgeable, experienced and skillful than ever before. But are we? What can we point to as a demonstration of increased knowledge? Are there training requirements before a person can even start as a Premium Auditor? Is there a CIPA in the company reviewing less experienced auditors work before processing? Is the audit staff involved in continuing education?

Given the high stakes of premium auditing in 2006, could it be time to implement a form of voluntary licensing, to require a basic level of education before “hitting the road”, to require continuing education, to have work completed by auditors without the APA or CIPA designations reviewed by a credentialed person before processing? Is it time? Is it time?

Scott Miller
Regional President
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UPCOMING PROGRAMS

A-Day- Friday- April 7,2006 9:00-2:00 PM

Where: Holiday Inn, Chesapeake House
1007 Beards Hill Rd
Aberdeen, MD 21001

Cost: \$40

Program: Keynote Speaker: R Steven Orr-Maryland
Insurance Commissioner

PCRIB Discussion- Tim Wisecarver, Richard
Stapf & Bruce Decker

Conduct During the Audit: The Exit Interview-
Joseph N’Gaojia-AIG Technical Services
Supervisor

Street Level Ethics- Case Studies and
Analysis- David Thomas CPCU- American
Institute for CPCU

Host: IAAM. Contact Kris Lampkin for
details and hotel reservations.
Phone: 410-256-4530
E-Mail: Kristine.lampkin@AIG.com

NRIAA Seminar-April 26-28, 2006

Where: Hyatt Harborside
Boston, Massachusetts

Our Annual Seminar will be held jointly with
NSIPA. Registration forms and details are
being sent to each NRIAA member. Hotel cost
is \$129 / night. Registration is \$329.

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NRIAA Seminar-May, 2007

It is never too soon to plan for the future! In May, 2007 our Region will convene for the 36th time at a new venue that did not even exist when our Association was founded. We will gather at Turning Stone Casino and Resort, conveniently located near the NYS Thruway in Central New York. Less than one day’s drive from anywhere in the Region, the resort has over 14 restaurants, on site shopping, headliner entertainment, golf, tennis, spa, health club and for the adventurous- gambling! It is also near all those places you have always wanted to visit: Cooperstown (Baseball Hall of Fame), Canastota (International Boxing Hall of Fame), Lake Placid & Lake George, 1,000 Islands, Niagara Falls and Fingerlakes Wine Country. Plan now to attend.

To help us prepare for the 2007 Seminar, Robin Coleman, our communications director is setting up an email base to keep up to date information going out to those who are planning to attend. It will keep you informed on what’s happening at Turning Stone Resort and also give us a general idea of how many to plan for. Send your email or mailing address to Robin at: ROColeman@hanover.com or fax her at 315-461-1316. Also advise her if you are bringing a guest and if there are any special needs you have.

Don Crossett, CPCU, APA
1st Vice-President



AUDITOR OF THE YEAR

Robert Crapulli- New England Chapter

Bob has been a member of 5 different chapters over a span of 33 years. His involvement has been numerous in many capacities. He has been an officer in all chapters, conducted workshops, secured speakers for meetings, conducted presentations on various topics, chaired committees for Regional Seminars. In addition, he has completed the APA designation. On a personal level, he is active in the community with school, church and fund raising for charities.

EDITOR'S NOTES

I'm looking at the past as a learning experience and greeting the New Year with enthusiasm and optimism and trying to be the best that one can be. I firmly believe that being an active, participating member of the Auditor's Association will benefit oneself as well as the membership. Our professional dedication as Insurance Auditors helps insure that the right balance is achieved between company, agent and client. It is difficult to attract new members, but it just as important to retain them. May the New Year see an increase in membership due to each auditor reaching out to another auditor.

Send comments, suggestions, items of interest to me. This newsletter is only as good as the information we receive. It's your newsletter!

Evelyn Sinclair
Evelyn@Sinclairny.com

HELP WANTED

The NRIAA needs a volunteer to work as a membership executive. We need someone to work with various companies to help build our membership base and also to publicize our organization. Please contact Scott Miller at Scott.Miller@acadia-ins.com.

BRAIN TEASER

The Case of the Misclassified Body Snatchers

Can you classify for Worker's Comp?

There is a funeral home director that contracts himself and his employees out to pick up, deliver and drive around bodies of the deceased. They do this for other funeral homes as pick up and delivery and will occasionally assist with funeral services by driving, lifting, etc since their passengers can't really get out of the vehicle on their own. Transporting is done in a hearse with all the required licenses (you need a special license to transport bodies). They also have their funeral Director and embalming licenses but no facilities to carry out these services unless assisting other funeral homes. Basically, they are a funeral home without a home.

Note: They do not take ownership of the deceased body, it is done as a service to other funeral homes. The transports are scheduled pick ups at predetermined locations so no public transportation is provided. (Unless, of course, the deceased get up and walk out on their own and then the drivers have to pick them up at bus stops trying to find their way home).

Here are your multiple-choice classes:

1. 9620- Funeral Homes & Drivers
2. 7382-Bus Company- All other employees & Drivers
3. 7370-Tax Cab Company-All other employees & Drivers
4. 7377-Limosine or Livery Service Private- NY state
5. 7380-Drivers NOC & Helpers
6. 7219-Trucking
7. 997- Funeral Home- for Steelers' fans who died from joy 2/5/06