

RISKY BUSINESS

TEMPLE UNIVERSITY, FOX SCHOOL OF BUSINESS, DEPARTMENT OF RISK MANAGEMENT, INSURANCE AND HEALTHCARE MANAGEMENT



BUFFETT BUSTS?



Warren Buffett's Berkshire Hathaway Inc. said last Friday that third-quarter profit **fell 77 percent**, the fourth straight quarterly decline, hurt by weaker results from insurance underwriting and a big loss on derivatives contracts.

Net income for the Omaha, Nebraska-based insurance and investment company **declined to \$1.06 billion from \$4.55 billion a year earlier**. Berkshire is a \$175 billion conglomerate. In addition to insurance, it owns businesses in housing, energy, furniture, clothing and food.

Third quarter profit from insurance underwriting **fell 83 percent to \$81 million**. This included about \$1.05 billion of losses from **Hurricanes Gustav and Ike**. Insurance investment income also fell-- by about 12 percent **to \$809 million**. Two of Berkshire Hathaway's most successful insurance companies also faced growing losses.

GEICO

Earned Premiums for GEICO, which

primarily provides direct sales of private passenger automobile coverage, in 2008 **exceeded amounts earned in 2007 by \$151 million** (5.0 percent) for the third quarter and **\$472 million** (5.4 percent) **for the first 9 months**. The growth in premiums earned for voluntary auto reflected an increase in policies-in-force of 7.2 percent partially offset by comparatively lower average premiums per policy, which have leveled off over the course of 2008.

Losses and loss adjustment expenses incurred in 2008 **increased \$261 million** (12.5 percent) for the third quarter. Incurred losses from catastrophe events were **\$28 million** for the third quarter compared to **\$14 million** in the corresponding 2007 period. Overall, the loss ratios in 2008 reflected an increase in average claim severities and lower average premiums per policy, partially offset by declines in claim frequencies, according to GEICO, which also said that the loss ratio for the fourth quarter of 2008 will be higher than 2007.

General RE

At **General Re**, which offers reinsurance in North America through **General Reinsurance Corp.** and internationally through **Cologne Re**, property/casualty premiums earned in the third quarter of 2008 **declined \$66 million** (7.5 percent). The company said premium volume will **likely decline further** over the remainder of 2008 when compared with 2007, as non-renewals and policy cancellations are expected to exceed new business.

The property/casualty business **produced an underwriting loss** of \$13 million in the third quarter compared to an underwriting gain of \$117 million in the respective 2007 period. Property results included **\$186 million** of catastrophe losses arising primarily from Hurricanes Ike and Gustav in the third quarter.

Adapted from Insurance Journal



H. WAYNE SNIDER DISTINGUISHED GUEST LECTURER SERIES

ALFRED E. BERGBAUER

MANAGING DIRECTOR
MARSH - PHILADELPHIA, PA
WEDNESDAY, NOVEMBER 19TH, 2008
11:40 AM - 12:30 PM: HGC (SAC) - 217



Alfred Bergbauer is Managing Director and North American Operations Leader for Marsh. He also heads the Philadelphia Property & Multinational Department. He has been in the insurance industry for 21 years.

Prior to joining Marsh, Mr. Bergbauer was Senior Vice President of ACE International Advantage®, ACE USA's International middle market underwriting operation.

Mr. Bergbauer's career in international insurance and business includes serving as Chief Executive Officer of two insurance companies in the People's Republic of China and the Philippines. Both were successful performance turn-around assignments.

From 1996 to 1999, Mr. Bergbauer headed the China market entry team for Liberty Mutual and was responsible for establishing a China focused investment bank, insurance company, occupational safety and health institute, and consulting practice.

Mr. Bergbauer received his BA in Journalism, from Marietta College, in Marietta Ohio. He received his MBA, from the F.W. Olin Graduate School of Business, at Babson College. Mr. Bergbauer also received his ACII, Chartered Insurance Broker, from the Chartered Insurance Institute, UK

MARSH

RMI - Senior Management Workshop

Friday, November 21st, 2008

11:40 AM - 12:30 PM

Howard Gittis Center (SAC) North 217AB

Steve Horner from **Horner Associates** will speak about his experience as a principal and a successful industry professional. **Mr. Horner** will describe his experience in the industry, his designations including **ARM, CPCU, AIM and CLU**, as well as team building, organizational effectiveness and Leadership development.

Any questions regarding this event, contact Tiffany Calhoun: Tiffany.Calhoun@temple.edu

Actuarial Science - Healthcare Reform

Friday, November 21st, 2008

11:40 AM - 12:30 PM

Howard Gittis Center (SAC) North 217C

As a consulting actuary, **Marc Lambright** of **Oliver Wyman** will share the upcoming healthcare trends that will be affecting the way the insurance industry operates. As a member interested in becoming a **Life and Health actuary**, knowing the trends in social security and retirement is important, as these trends are changing the way we do business.

Any questions regarding this event, contact Usamah Rashid: Usamah.Rashid@temple.edu

Gamma's Birthday!

Friday, November 21st, 2008

8:00 PM - 10:00 PM

Madd River - 2nd and Chestnut

GAMMA IS TURNING 28!

You know what that means... It's time for Gamma to settle down and move to the Suburbs. But before she takes the plunge, come celebrate the last vestiges of her youth with a party at **Madd River!** Must be 21 years old.

Drink Specials will be available.

Any questions regarding this event, Contact Jim O'Hearn: O'Hearn@temple.edu

Alumni Philadelphia Happy Hour!

Wednesday, November 19th, 2008

5:00PM - 7:00 PM

Public House - 1801 Arch Street, Philadelphia

Come get acquainted with Temple Alumni! One of the most important assets that you will have in the career world is the professional network that you create. Meeting alumni is a great way to start! Build that rolodex by coming to the Philadelphia Alumni Happy Hour! Must be 21 years old.

Drink Specials will be available.

Any questions regarding this event, Contact Jim O'Hearn: O'Hearn@temple.edu

GAMMA CAKE!

Can't make it to Gamma's Party?
Then the party will come to you



The Sigma Chapter is giving away
free cake to celebrate
Gamma's 28th Birthday!

Speakman Hall Breezeway
Friday, November 21st, 2008
12:00PM - 3:00 PM

Committee Meetings

Monday, November 24th, 2008

11:40 AM - 12:30 PM

Career Development - SAC North 217C**Student Affairs** - SAC North 217D**Community Affairs** - SAC North 217B**Public Relations** - SAC North 217A**MIS** - Ritter Annex 402**Special Events** - SAC North 220**Math Competition** - SAC North 223

As part of the BA 2101 Course Credit, attendance at committee meetings is required. However, this is also a great way to network with fellow members who have had great GIS experiences.

This will be the last one of the semester!

Intern Testimonial: Matt Obenski - All State, Ridley Park, PA

Matt Obenski is a senior, graduating in December of 2008, and majoring in **Risk Management and Insurance**. Matt is currently completing an internship with **All-State**. *Risky Business* recently sat down with **Matt** to talk about his experience with **All State**:



RB: What sort of work are you assigned to do with All-State?

MO: When I first started, my responsibilities were solely customer service until I became familiar with All-State's operations. Now I

actually write my own policies for new clients, and I am considered an exclusive agent for my department.

RB: Do you have a mentor to work with?

MO: Yes. At the beginning of my internship the head of the agency showed me everything I needed to know. At first he had me sit in on client meetings to get a sense of how the business actually worked, and showed me how he writes new policies. From there he guided me through writing and finalizing policies since I currently do not have my PA P&C license.

RB: Did your RMI classes end up helping you during your internship?

MO: The RMI classes were extremely useful. When I was in meetings with a client and they asked me a question about certain terms or policy conditions, I could easily give them an explanation from what I learned in the classroom. Also when networking with professionals in the industry, you can contribute in the conversation based on the knowledge

you gain from the RMI classes.

RB: What is it like completing an internship while attending school?

MO: I do not have the best time management skills so having an internship while being a full time student was a bit difficult. After a few weeks however, I did manage my time better and it became easier. Overall I did find it interesting how related my classes and work were and I gained a new respect for the RMI courses, because they very applicable in the real world.

RB: What do you think about the overall internship experience?

MO: I use to think an internship was only a good footnote to put on your resume, not anymore. It was a great experience and in only a few months I have learned so much and had the opportunity to network with great people within the industry. Overall I am extremely happy with my internship and will most likely continue to work with the same agency when I graduate.